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Parties Fear Low Turnout Thursday

Dreary Spain Winter Ends in Vote

By James M. Markham

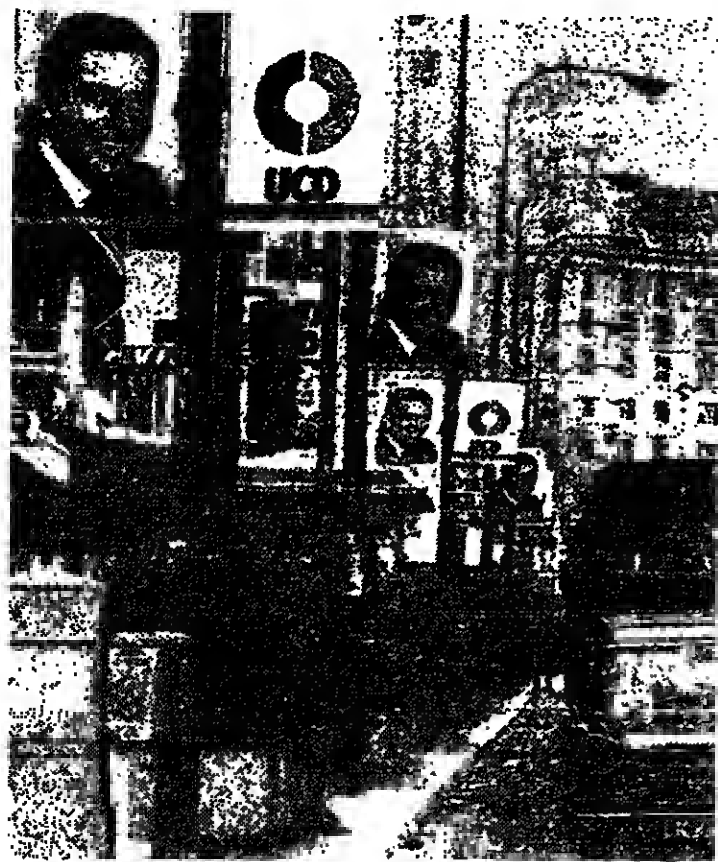
MADRID (NYT)—In the last 26 months, Spaniards have been called to the polls three times to pronounce on the country's impressive transformation from dictatorship to democracy. On Thursday, the 26.8 million voters will again be summoned to vote for a new parliament.

Politicians are worried that their nonstop politicking since Franco's death in November, 1975, has bored the population. It has been a listless, rain-soaked winter campaign. The timing was deftly chosen by Premier Adolfo Suarez to prevent the Socialists and the Communists from staging the big, outdoor fiesta-like rallies that lent color and fervor to the parliamentary elections of June, 1977.

An opinion poll due to be published tomorrow shows Mr. Suarez's Union of the Democratic Center running slightly ahead of the Spanish Socialist Workers Party led by Felipe Gonzalez, a 36-year-old former labor lawyer from Seville. But neither of the two big parties expects to garner the 38 to 40 percent of the popular vote needed for a majority in the 350-member lower house.

Socialists Vague

The Socialists, like the other parties, have been vague about what they would do if they came to power. Having learned the lesson of the defeat of the French left a year ago, they took pains not to frighten off voters. Mr. Suarez emphasizes fighting inflation. The Socialists focus on unemployment, which affects more than a million Spaniards. Mr. Suarez's party, which has taken on the cast of a traditional European conservative grouping, rapidly approves a restrictive divorce law and opposes legal abortion. The Socialists endorse divorce by mutual consent, steering clear of the abortion issue to avoid angering Roman Catholics. The parties do differ sharply over the NATO. Mr. Suarez favors Spain's entry, while the Socialists and Communists oppose it. But the issue is somewhat hypothetical, since only a government with a solid parliamentary majority could move Spain into NATO.



Premier Adolfo Suarez smiles on campaign posters asking Madrid's votes for his Union of the Democratic Center (UCD).

Mr. Gonzalez has skillfully led his 100-year-old party out of the shadows of Francoism and into the daylight of democratic politics, gently prodding its sometimes radical base of militants into accepting a type of social democracy divested of the ambitious nationalization plans and Marxist rhetoric that have handicapped other Latin Socialists. He has acknowledged that the party's main difficulty would be resistance of Marxist-minded cadres to accepting the need for moderation if the Socialists came to power. "It does not take a great effort of imagination," he wrote, "to understand that the greatest danger that a Socialist government could face—probably harassed by the economic right and all reactionary sectors of the country—would be the

lack of understanding and in some cases the hostility of the party's own militant base and the UGT (the Socialist union). Mr. Gonzalez has also learned from the disastrous Socialist-Communist alliance in France. He has studiously ignored both the Mandelstams and the attacks of Santiago Carrillo's small but well-organized Communist Party, which has clamored for a coalition with the two leading parties.

But the Communists are dominant in Spain's infant labor movement so the two leftist parties have been quietly conferring about possible collaboration in the important municipal elections on April 3. The left accuses Mr. Suarez of calling the parliamentary election first so that he can use government appointees

in the city halls to get out the vote. It would have preferred to have the municipal elections first, to use as a springboard to victory on the national level.

Mr. Suarez has launched an eleven-hour blitz in turn out the voters, but a poll has shown a pronounced disinclination to vote. The similar, homogenized tone of the big parties, all seeking to win a "center" vote that they perceive as decisive, has turned out many Spaniards. "All power to the don't-knows!" has been a campaign joke, alluding to many who decline to tell pollsters how or even whether they will vote.

Extremes Feared

The moderation of all the parties owes much to Basque terrorist attacks and a latent fear that rightists in the military, who dabbled in amateurish plotting in November, might do something rash.

Sweeping arrests of perhaps 100 alleged terrorist sympathizers in the Basque provinces in the last few weeks, and last-minute French cooperation in rounding up known members of ETA, the Basque guerrilla group, in southern France, appear to have discredited some of the gunmen's cells and information networks. Spanish officials are relieved that "only" 27 persons have been assassinated so far this year, but the country is nervously poised for the ETA action as Thursday approaches.

Mr. Suarez's Union of the Democratic Center feels that if it can match its performance of June, 1977, it will continue as a minority government, maneuvering between right and left in the Cortes to pick up majorities on different issues.

But if it falls below 160 seats—or if the second-place Socialists move into first place—some kind of coalition government seems inevitable. Its shape would be affected by the showing of the new rightist Democratic Coalition, a spruced-up version of Manuel Fraga Iribarne's rightist Popular Alliance. Mr. Suarez would prefer a coalition with the Socialists to one with Mr. Fraga, but few can envisage him taking a secondary role in a government headed by Mr. Gonzalez.

No Explanation of Why Khalil, Begin Would Meet

Sadat Reportedly Not Ruling Out Summit

By Christopher S. Wren

CAIRO, Feb. 26 (NYT)—President Anwar Sadat has not ruled out going to the United States for the next round of Middle East peace talks called by President Carter, well-placed Egyptian sources reported today.

But Mr. Sadat is expected to defer any decision until after he has reviewed the results of the latest round of ministerial-level negotiations at Camp David with Premier Mustafa Khalil, who headed the Egyptian delegation. Mr. Khalil left Washington last night to return home for consultations.

The Egyptian leader's plans also will be influenced by the outcome of the Israeli Cabinet meeting tomorrow with Foreign Minister Moshe Dayan, the sources indicated. Mr. Dayan led the Israeli delegation at the latest Camp David talks.

Yesterday, President Carter proposed a new meeting at Camp David at the level of heads of government to resolve the remaining obstacles to a peace treaty between Egypt and Israel. Mr. Carter said in a statement that Israel would be represented by Prime Minister Menachem Begin and that Egypt would be represented by Mr. Khalil. The statement said that the Egyptian premier "has been authorized by President Sadat to con-

clude the negotiations on behalf of Egypt. No official explanation was offered today in Cairo as to why Mr. Sadat would not participate as he had done at the trilateral summit talks with Mr. Carter and Mr. Begin at Camp David last September. There was some diplomatic speculation that he did not want to become embroiled in intense negotiations that could bog down again and that he did not want to be pressured personally by Mr. Carter to make further compromises.

[Mr. Begin said today that he was not disappointed that Mr. Sadat will not participate in a new round of meetings even though he makes most of the final decisions concerning Egypt. UPI reported from Jerusalem.]

[The issues are between the two countries, not the individuals," Mr. Begin told a group of Dutch newsmen.]

[Mr. Begin seemed to imply that he would accept President Carter's invitation to attend a meeting with (Continued on Page 2, Col. 3)]

As Welsh, Scottish Referendums Loom

Callaghan Battles to Hold On to Power

LONDON, Feb. 26 (UPI)—Prime Minister James Callaghan, battling for a few more months of power for his minority Labor Party government, plunged personally today into the fight against soaring union pay demands and sought to win a crucial vote in home rule referendums for Scotland and Wales.

This evening he was scheduled to appeal directly to the country in a television interview. Mr. Callaghan faces a parliamentary general election by November at latest, with opinion polls rating Labor's chances 20 percent behind Margaret Thatcher's Conservatives. With Britain still engulfed in its worst strikes in years, Mr. Callaghan hoped to postpone the election until October, when memories of the present turmoil may have faded.

Chances of Surviving

But his chances of surviving depend largely on referendum votes Thursday in Scotland and Wales. The government has offered both limited home rule and their own local assemblies and has asked them to vote on whether they want them. If the answer is no, the 11 Scottish and three Welsh Nationalist members of Parliament may pull the rug out from under Mr. Callaghan, ensuring his defeat in the next confidence vote and forcing him into a general election now.

If at least Scotland votes yes, Mr. Callaghan is likely to enjoy the continued support of the Scottish Nationalists and to be able to hang on for a while longer. Latest opinion polls predicted 54 percent of the Welsh will vote no, and only 22 percent yes. But in Scotland an opinion poll

today predicted a 44 percent yes vote against 36 percent no with 16 percent undecided. When it passed the referendum bill, Parliament slipped in a provision that the yes vote must constitute at least 40 percent of registered voters.

Officials said if the voting in Scotland follows the pattern of opinion polls, a 70 percent turnout would be needed to win the 40 percent.

But ministers have indicated the government might try to get this reversed if there is a simple yes majority although not the required 40 percent of registered voters.

Meanwhile, Mr. Callaghan conferred with the leaders of Britain's 260,000 coal miners, seeking to get them to reduce their demands for 40 percent pay increases. At the same time civil service unions hit the government with wildcat strikes disrupting the nation's nerve centers.

Among first targets of 1,300 civil servants ordered out today were government computers controlling tax collection, flight control, military and Foreign Office communications and government codes.

month state of emergency imposed by Mrs. Gandhi's regime. Remade afterward, it was a critical and commercial failure. "I find the accused guilty of criminal conspiracy, breach of trust, mischief by fire, dishonestly receiving stolen property, concealment of evidence," District Judge G.N. Vohra told a packed courtroom in Delhi.

But the closer one gets to the front, the less he hears of numbers. On the front line, there is no talk of casualty figures. Up there, under fire, the Vietnamese troops profess to be appalled at the "lousy tactics" of the Chinese.

Hoang Kim Thanh, a young Hanoi native who came out of the line for a rest, said: "The Chinese soldiers are easy to fight."

He told of watching Chinese troops hitting a Vietnamese minefield. The Chinese pulled back, but then sent troops up to try to defuse the mines by hand.

"The Chinese seem to have a



Crates of Soviet artillery shells are delivered to the Vietnam border. The photograph was provided by the Japanese newspaper Asahi Shimbun.

Enemy Size Discounted

Vietnam Confident Of Military Strategy

By Alan Dawson

HANOI (UPI)—Use a small army to defeat a big one. That is the military philosophy expressed by Vietnamese officials and soldiers. On the battlefield and at the rear, Vietnamese troops exhibit every confidence of defeating the Chinese.

"We always use a small army to defeat a larger one," is heard so often that it almost is a slogan. "As you know, Vietnamese history teaches this going back 2,000 years to the first (Chinese) Han dynasty invasion of our country," an officer said.

Most officers and officials appear convinced that the tough Vietnamese Army has stopped the first Chinese offensive. A renewed thrust by a larger force, they say, will be met at first with some retreats, but then we will encircle the Chinese and they will not be able to push ahead or withdraw to their own country.

A Foreign Ministry official said: "If China uses 1 million troops to invade us, there will be instant retaliation by the Soviet Union, so that is why they will never use 1 million troops."

Numbers Game

In Hanoi, where there basically is outward enmity about the Chinese war raging as close as 90 miles away, propaganda emphasizes the numbers game. Thousands of Chinese soldiers have been killed, according to newspapers, radio and billboards.

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He told of watching Chinese troops hitting a Vietnamese minefield. The Chinese pulled back, but then sent troops up to try to defuse the mines by hand.

"The Chinese seem to have a

disregard for their soldiers," he said. The Vietnamese are also better equipped than the Chinese, according to most sources. Most of the Vietnamese defending the border have had combat experience. The worst of Vietnam's weapons are equal to China's and the best are superior.

While Hanoi keeps news of its available reserves on the northern front a tightly guarded secret, it says that fighting involves only high-quality militia forces under provincial command. Diplomatic sources estimate that 40,000 regular reserves are standing but are not engaged.

Officials are convinced that they can wear down the invaders and defeat the Chinese just as they defeated the French and the Americans.

Hanoi Reports China Thrusts 25 Miles Deep

By Henry Kamm

BANGKOK, Feb. 26 (NYT)—Hanoi radio announced today that Chinese advances into Vietnam have reached a depth of 25 miles but did not specify in what border sector the advances occurred.

Western analysts reported, meanwhile, that the major fighting was continuing in the area of the provincial capital of Lang Son, about 85 miles northeast of Hanoi. Forces of both sides were also reported to be massing further to the east, in the region of the provincial capital of Lao Cai, captured by Chinese troops in the initial stages of their invasion.

In Tokyo, the Kyodo news agency reported that Deputy Premier Teng Hsiao-ping said in an interview with a Kyodo executive that he thought the military action against Vietnam would be concluded in less than 33 days, the duration of the Chinese-Indian border war of 1962. Chinese troops first crossed Vietnam's border Feb. 17.

Asked whether he thought the Soviet Union might mount a retaliatory strike against China, Mr. Teng said: "I cannot foresee any such action, although I cannot preclude totally such risks."

Silence Maintained

China continued to maintain its silence on the course of the war. Vietnam, in a commentary broadcast in its English-language program and monitored here, accused China of massing hundreds of war planes and seven army corps in provinces near the border "in preparation for an intensification of the war."

Western analysts have reported since last weekend that both sides were reinforcing their ground and air forces at the two principal areas of fighting, the regions of Lang Son and Lao Cai. Vietnam asserted that the concentration of Chinese forces exceeded those of the United States during its war against the Vietnamese Communists.

Vietnam, in its radio commentary, described China's claim of mounting a limited border attack on Vietnam in retaliation for Vietnamese border violations as a "deception." In truth, Hanoi declared, Peking is waging a war of aggression "on a large and fierce scale," putting in peril "peace and stability in Southeast Asia and the rest of the world."

The Hanoi station continued its daily claims of repulsing Chinese attacks and inflicting heavy losses

on the invaders. In the three days ending Sunday, Hanoi said that 2,300 Chinese were killed or wounded in the provinces of Cao Bang, Lang Son and Hoang Lien Son.

On Saturday and Sunday, the station said, Chinese were "put out of action" in an attack by three columns in the area of the village of Cam Duong, south of Lao Cai. Fighting there was continuing, according to Hanoi.

Summing up Chinese losses in the first week of the war, Hanoi asserted that 16,000 soldiers had been killed or wounded. Hanoi failed to explain how it had managed to count enemy wounded, many or most of whom presumably remain on the Chinese side.

Moscow Disinclined To Intervene in War

By Kevin Klose

MOSCOW, Feb. 26 (WP)—The Soviet reaction to China's attack on Vietnam continues to be marked by intense propaganda outbursts, but no inclination toward direct involvement on behalf of the Kremlin's important Southeast Asian ally is detectable here.

The Soviet Union is reported to have stepped up shipments of military supplies to Hanoi, beefed up its intelligence fleet off Vietnamese waters and increased aerial surveillance near China's borders. None of these are seen as more than cautious and expectable military moves to observe the fighting and bolster Vietnamese materiel.

It is unconfirmed whether the Soviet Army has been placed on a higher alert status, and there have been no reported alterations of Soviet troop dispositions along the heavily reinforced 5,000-mile border with China.

[The Soviet foreign minister, Andrei Gromyko, said today in a speech in Minsk that attempts by Washington to play the China card "only whet the appetite of Peking to seize foreign territory and will backfire if it is aimed at pressuring the Soviet Union. United Press International reported.]

"It is better to renounce such dangerous experiments," Mr. Gromyko said. "The Chinese leaders are striving with particular eager-

(Continued on Page 2, Col. 7)

U.S. Representative Accuses Hanoi

Corruption Charged in Vietnam Exodus

By Fox Butterfield

HONG KONG, Feb. 26 (NYT)—Rep. Elizabeth Holtzman, D-N.Y., charged today that Vietnamese government officials had extorted at least \$30 million from refugees fleeing the country, in what she said appeared to be an organized "racket in human beings."

Rep. Holtzman, D-N.Y., said that after a tour of refugee camps in four Southeast Asian countries and a trip to Hanoi last week, she believed that corruption involving the refugees extended to "the highest levels" of the Vietnamese government.

Rep. Holtzman is chairman of the subcommittee on immigration, refugees and international law of the House Judiciary Committee.

She said that Vietnamese officials with whom she spoke in Hanoi "absolutely" denied any collusion by the government in the exodus payments. But she said they admitted that there was corruption among local officials in helping to

organize the refugees' departure and in accepting kickbacks.

Rep. Holtzman reported that Pham Hien, a deputy foreign minister, told her new regulations to insure a more orderly handling of the refugee problem had been drafted and were on the desk of Premier Pham Van Dong awaiting his signature.

But she said that Mr. Hien disclosed no details of the new rules. "We will have to wait to see what they look like," she added.

There have been reports from refugees in the last few months that Vietnamese officials were demanding money in exchange for helping them to flee the country. Rep. Holtzman is the first person to try to estimate how much money is involved.

She said that she made the calculation by noting the amounts that refugees she talked with said they had paid, and counting the numbers who have escaped from Vietnam in the last few months.

Any figure would be incomplete, since perhaps tens of thousands of refugees have drowned at sea. But Western officials here who have studied the situation said that her total of \$30 million was a reasonable guess.

Refugees reaching Hong Kong in the last three months have said that they had to pay between ten and twelve tael of gold apiece to arrange their departure—about \$2,800 to \$3,360. Most have been required to pay in gold, but some have paid in dollars. A man said that he had worked out an arrangement whereby his sister here turned over the money to a Chinese middleman upon his arrival.

Hong Kong currently has about 5,000 refugees from Vietnam—most of them ethnic Chinese—who have arrived since last fall either on small fishing boats or on two large freighters that loaded up at the port of Vungtau near Saigon.

Miss Holtzman said that her evidence of the Hanoi government's collusion in the "racket" came from interviews with refugees in camps in Thailand, Malaysia, Indonesia and Hong Kong. "They said they had spent the night in government quarters" before being put aboard ships, she reported.

China to Import More Cereal

ROME, Feb. 26 (AP)—China will replace the Soviet Union as the second-largest importer of wheat and grain this year, the United Nations Food and Agriculture Organization said today.

Chinese cereal purchases will rise to 12 million tons this year, compared with 8.6 million tons last year, the organization estimated in its Monthly Food Outlook Report. Soviet imports will drop substantially to 11 million tons from 18.7 million tons last year.

Japan will remain the world's leading cereal importer, with purchases of 23 million tons, the organization said.



Sanjay Gandhi and wife Maneka emerge from Delhi courtroom after his conviction yesterday.

Come to the flavor of Marlboro



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Employees of Oil-Drilling Firm

Iran Arrests American, 3 Britons

TEHRAN, Feb. 26 (AP) — Iran's Islamic revolutionaries today arrested a U.S. and three British employees of an oil-drilling company on charges of "plundering the wealth of Iran by charging exorbitant prices," a spokesman for their company said.

A spokesman for Fluor Co. identified the arrested American as John Cassaba, and two of the Britons as W. Walsh and K. Thompson. The third Briton's name was not available. The four were employed in the southern Iranian city of Agha Jari. There was no other personal information about them. Sources said that they were allegedly trying to flee the country,

but further details were unavailable. In other developments, the execution of another official of Shah Mohammed Reza Pahlavi's secret police, and public floggings for violators of Islamic law were reported today.

The newspaper Andegan reported that Mohammad Hossein Naderi, SAVAK's torture expert in the central city of Isfahan, was brought to Tehran and executed by a firing squad last night.

There was no confirmation from Khomeini's aides on the execution. The ayatollah's security committee has executed eight generals and a police commander, who was

accused of setting a theater fire Aug. 19 that killed at least 377 persons in Abadan.

Two other police officers were reported shot by firing squad Feb. 19 in Najafabad, central Iran, for killing anti-shah demonstrators. There have been unconfirmed reports of other executions by vigilante groups.

Sentences of execution have been passed by Islamic revolutionary tribunals set up by the ayatollah. The ancient tradition of public floggings for violations of Moslem law has been revived by Islamic courts. They have been administering justice under the supervision of local religious leaders and applying Moslem law since Ayatollah Khomeini's revolution was victorious on Feb. 11.

Press reports said a large crowd in the northwestern city of Zanjan, 180 miles from Tehran, watched yesterday as a thief was whipped times for breaking into a widow's house. About 5,000 watched in the eastern-central city of Kerman as two youths were lashed 30 times each for drinking liquor. In Yasooj, two men were whipped 80 times each for drinking.

Meanwhile, aides to Ayatollah Khomeini said that he will leave his temporary headquarters in Tehran Thursday to return to the holy city of Qum, 75 miles southwest of the capital. Hundreds of thousands of Iranians are expected to converge on the city to welcome him.

In Switzerland, You Can Phone The Phoneless

GENEVA, Feb. 26 (UPI) — Efficient as ever, Switzerland must be one of the few countries in the world where you can telephone someone who has no phone. Dial 111, the information service, and you are given the number of the telephone nearest the person you are seeking. It is up to you to persuade whoever answers it to go get that person or to pass your message on.

The Swiss post and telecommunications provides its 26-million subscribers — and non-subscribers — with a pervasive range of services. There are numbers for help with leaky central heating, cars that break down in the middle of the night, the nearest pharmacy open on a Sunday or the latest winning lottery number. There is also a number for tomorrow morning's wake-up call, and a number for getting election results.

The money-conscious Swiss have financial-service numbers for up-to-date foreign-exchange rates and for stock-market bulletins. And the "helping hand" service offers "private, anonymous and denominationally neutral" advice if you find yourself in "moral distress."

A call to 111 will also get you a mountain rescue dog.

Visa Violations By 38 Iranians Charged in U.S.

WASHINGTON, Feb. 26 (UPI) — Immigration investigators have arrested 38 Iranian students and ordered them to show why they should not be deported for violating terms of their student visas, a Justice Department spokesman said today.

"Some of the students have indicated they are likely to resist deportation because they fear being placed in jeopardy by the new Iranian regime if they return to that country," spokesman Terrence Adamson said.

He said that the Immigration and Naturalization Service will consider requests for political asylum on a case-by-case basis. All the arrests were made by local authorities for various alleged violations of law, Mr. Adamson said. The arrests in turn led to investigations that showed that the students were out of compliance with terms of their visas, he said.

Sadat Said Not to Rule Out Attending a New Summit

(Continued from Page 1) Mr. Khalil but that the decision rested with his Cabinet.

Today, Mr. Sadat refused to acknowledge reporters' questions as he toured factories in an industrial section of the port city of Alexandria. He is expected to meet Mr. Khalil tomorrow at his rest house in the seaside suburb of Mansoura.

No Sadat Objection An Egyptian insider said that Mr. Sadat had "no objection" to joining the negotiations called by Mr. Carter if his "prestige" was needed but that he was not required for the present discussions, which deal with differences over a draft peace treaty.

Another source said that Mr. Sadat had not been invited to attend the next round of talks because the necessary decisions for a breakthrough had to come from Israel and not Egypt.

Mr. Sadat had instructed Mr. Khalil to make no concessions in Cairo's position at last week's negotiations. Egyptian officials have pointed out that Mr. Sadat would not be violating protocol by staying home because Mr. Khalil has the same prime-ministerial status as Mr. Begin. Mr. Sadat still makes Egypt's foreign-policy decisions but has given Mr. Khalil considerable negotiating freedom.

Arab Aide Says Missile Is Due in September

ABU DHABI, United Arab Emirates, Feb. 26 (UPI) — Production of the Arab world's first advanced surface-to-surface missile will begin in September, a leading executive of the Arab Industrial Organization said, the daily Emirates News reported today.

Sheikh Faisal al Qassimi, acting chairman of the organization, said that the missile had been developed from a British prototype, but gave no other specifications. The location of the missile factory — expected to be either in the United Arab Emirates or Qatar — will be decided at an organization meeting in Qatar next month.

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The U.S. treasury secretary, Michael Blumenthal (left), on a visit to China, tours the Temple of Heaven with the Chinese vice premier of finance, Xin Yuan-xi (right), and an official interpreter.

Brushes Off Blumenthal Caution

China Official Vows 'Blows' to Vietnam

By Hobart Rowen

PEKING, Feb. 26 (WP) — A Foreign Ministry spokesman said here today that before China withdraws its troops from Vietnam, "we will have to give them some blows."

He added that such blows "could be called a kind of punishment" for Vietnam's incursions into China. He also said that some Vietnamese troops might still be on the Chinese side of the border.

The spokesman's remarks were in an informal but on-the-record conversation with reporters, here to cover the visit of the U.S. treasury secretary, Michael Blumenthal, who is trying to set in motion new trade and commercial relationships with China.

Mr. Blumenthal's first session with Deputy Premier Teng Hsiao-ping was scheduled for tomorrow. He was to convey President Carter's concern over the continuation of hostilities in Southeast Asia.

A senior spokesman for the U.S. delegation said that long initial conversations today with Yu Quili, vice-minister for economic planning, had gone smoothly, and that some progress was made on the issue of settling U.S. claims in China, versus Chinese assets frozen in the United States. He said that a private arrangement with China reportedly made by the Lykes Shipping Co. had no bearing on the attempted settlement.

Economic Effect Discounted

The Foreign Ministry spokesman was asked whether the hostilities would interfere with the Blumenthal mission, and whether the economic drain of war activities would impede China's progress toward the goal of modernization of its economy.

The spokesman said that the fighting would affect neither, adding: "But if we let them [the Vietnamese] move provocatively on the border all the time, it would affect modernization."

He said that some of the fighting "has been inside of China," and in a war situation, "it is hard to say where the front line is." Pressed to make clear whether there were substantial numbers of Vietnamese troops still in China, he said: "It is hard to say how many are left in China, but most have been driven out."

The spokesman's account of the war went like this: For some time, Vietnam had been making "incursions" into China, which "had drawn us beyond forbearance." For this, the Vietnamese need "in the taught a lesson," as Mr. Teng had said during his visit in the United States.

The "lesson" will be taught, he said, "as soon as we have driven them out of China." Then the lesson must be made clear by giving them "some blows." He emphasized again that China had no designs on Vietnamese territory, and merely wanted the old border restored and respected.

"Enough War"

He said that of the 200,000 refugees who had been driven across the border by the Vietnamese, only a minority were ethnic Chinese, "and a majority are Vietnamese nationals of ethnic Chinese descent."

"Something had to be done about it," he said. "We don't want war — we've had enough war."

Asked what would motivate Vietnam to move across the border into China, the spokesman said that "it is difficult" to find any reason, other than that "some super-power behind them has instigated it."

"We need a peaceful atmosphere in build and to modernize," he said. "We don't want any war, but we're driven to use forceful means." He reiterated statements made by different Chinese officials in the past few days that China is willing to negotiate an end to the hostilities.

He brushed off Mr. Blumenthal's toast in the Great Hall of the People last night in which the treasury secretary had warned China that public opinion could work against the Chinese if they were to become considered as the "transgressor."

Mr. Yu will be co-chairman with Mr. Blumenthal of the overall U.S.-Chinese economic committee that

is to supervise the broadening U.S.-Chinese economic relationship. The U.S. side is pleased with Mr. Yu's appointment, a spokesman for Mr. Blumenthal said, because he is "the most senior economic man in the Chinese government."

Mr. Yu was quoted as saying that the extent to which China could pay for imports of capital goods would depend on the form of foreign investment in China. The Chinese economics official said that if substantial joint ventures and compensation agreements were made, they would provide China with the foreign exchange to import many types of products. Joint ventures are equity deals in which foreign companies own shares of Chinese businesses.

A compensation agreement provides for the foreign company to take its payment in the product produced. Mr. Yu mentioned rare materials as possible goods for compensation deals.

Although equity deals have been mentioned before, this is the first time they have been proposed in government-to-government contacts, a spokesman said. Most of the U.S. commercial dealings with

China announced so far, including proposed oil exploration, have not involved equity deals. For example, hotel consortiums building tourist accommodations have management contracts, and will eventually turn over the hotels to the Chinese. Similarly, the recent deal by the Coca Cola Co. involves building bottling plants that eventually will be turned over to China.

Appeal by Finance Minister

PEKING, Feb. 26 (AP) — The Chinese finance minister, Chang Ching-fu, today asked Mr. Blumenthal for help in removing Taiwan from four international financial organizations.

According to a U.S. official, Mr. Chang said that he "deplored" the fact that the World Bank, the International Monetary Fund, the International Finance Corporation and the Asian Development Bank still recognized Taiwan.

China is concerned because it could be entitled to as much as \$700 million a year in development loans from the World Bank alone, much of it interest-free.

Hanoi Says China Troops Have Advanced 25 Miles

(Continued from Page 1)

ness to set the Soviet Union and the United States at loggerheads." Observers here caution that the Soviet Union has an enormous stake in their Southeast Asian allies, glorying in the recent Hanoi-Moscow friendship treaty.

"Matter of Days"

"I assume the Soviets don't want a military clash," a source declared, "but if something does not happen to reassure them that the Chinese are coming out in the next four or five days, they may feel compelled to act. You can't tell how long they will wait." This observer's opinion is that "it is a matter of days rather than weeks" for a Soviet decision.

While noting that "the Soviets have the capabilities on the order to really deal a punishing blow to the Chinese," a source long exposed to the Soviet frame of mind said, "but they are not psychologically ready to do it."

Internal propaganda, considered a gauge of public opinion for government initiatives, has not reflected any impulse toward intervention. Themes of "solidarity and support"

Britain Seeks Joint Deal on New Warplane

PARIS, Feb. 26 (Reuters) — Britain hopes to build a new generation of combat aircraft in partnership with France and West Germany, Defense Minister Fred Mulley said in an interview published here today.

"We have always sought detailed discussions on a new-generation combat aircraft," Mr. Mulley told the Paris newspaper Le Monde. "We hope that it will be possible to reach agreement on a joint venture between France, the German Federal Republic and ourselves for a new combat aircraft."

He did not elaborate, except to say that one country would have the industrial leadership for each project, with the other partners contributing to the program and using the products for their armed forces.

Mr. Mulley said that an agreement in principle had been reached between Britain, France, West Germany and Italy for joint production of new types of helicopters.

Truck Drivers Block French City Centers

PARIS, Feb. 26 (Reuters) — Truck drivers blocked several French city centers today to protest against a rise in diesel fuel prices and new measures banning their vehicles from the centers.

Rush-hour traffic jams built up in Marseilles and Avignon, as drivers parked trucks and buses outside the city halls. Access to the industrial zone at the Atlantic port of Brest was cut and the main road inland to Rennes blocked.

for the Vietnamese continue to be a staple. Workers have called for a relief fund, and public sentiment so far is clearly in favor of sending arms, not men.

Defense Minister Dmitri Ustinov, in a speech marking both Soviet Armed Forces Day and his own "candidacy" for re-election to the Supreme Soviet, said Friday that the "perfidious" Chinese attack "revealed before the world the real nature of its hegemonistic policy."

"The Soviet people wrathfully condemn the adventurist actions of the Peking leaders and resolutely demand an end to impudence by the Chinese aggressors," he said. "They unanimously declare their full solidarity and support for the Vietnamese."

As other leadership figures have done all week, Mr. Ustinov invoked the official Kremlin statement of Feb. 18, which warned Peking to withdraw immediately "before it is too late" and committed the Soviet Union to comply with the defense consultation clause of the friendship treaty signed here in November.

The defense article of that treaty, which is not a military alliance, requires immediate mutual consultations "in event of attack" for the purpose of taking appropriate effective measures to ensure the "peace and security" of the signatories.

Mr. Gromyko has met once with the Vietnamese ambassador, Nguyen Huu Khieu, and no other meetings have been reported in the official press. Penetrating the opaque surface of the government has been especially difficult. Officials who usually are available to talk informally with Western journalists have not been available this week.

Western interest here is focused in part on the question of Soviet war supplies to Hanoi. A limited Soviet airlift reportedly has begun and it is believed that the Vietnamese have asked for — and will receive — additional anti-aircraft missiles to bolster Haiphong harbor defenses.

Jurists Praise, Caution Iran

GENEVA, Feb. 26 (UPI) — The dissolution of Iran's secret police, SAVAK, and the release of political prisoners ordered by Premier Mehdi Bazargan were welcomed yesterday by the International Commission of Jurists.

In a message to Mr. Bazargan, the commission also expressed support for his efforts "to restore the principles of the rule of law" in trials and sentencing of officials of the former regime.

"All such persons, whatever their crimes, should be tried publicly with full defense rights before ordinary courts in accordance with pre-existing law, there should be a right of appeal, and no death sentence should be carried out until sufficient time has elapsed for appeals for clemency to be made and considered," the message said.

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Politics of Personality Being Abandoned

5 'New South' Governors Push Reforms

By Howell Raines
ATLANTA (NYT) — Since he took office last month, Gov. F. James Jr. of Alabama has dismissed 700 politically well-connected state employees, proposed the first new state constitution in 100 years that was not designed to displace the old one, and stumped the state's education establishment by ordering achievement tests for every pupil in Alabama's low-ranking public schools.

Almost simultaneously, four other newly inaugurated Southern governors were recommending similar changes in prisons, education, taxation and regulation of utilities. One governor, Bill Clinton, 32, of Arkansas, even bucked the Proposition 13 tide to ask for

new highway taxes and a \$132-million spending increase to upgrade the state's 49th-ranked school system.

Bold Attacks

The five governors' actions — generally unheralded outside their own states — are signs of a movement that may become an important political force in a region where campaign style has traditionally counted more than performance in office. "Just how deep this reform movement is going to go remains to be seen," said George Tindall, the University of North Carolina historian whose "The Emergence of the New South" has become the basic text on the region's modern history. "But I think it is a significant change that we are getting a new

issue-oriented politics and moving away from the old politics of personality."

The pattern now apparent in Alabama, Arkansas, Florida, South Carolina and Tennessee is one of bold attacks on social and economic problems that have been ignored or left to the U.S. government in the past. Mr. Tindall pointed out that this fashion for innovative Southern governance began with the "Class of 1970" — the group of so-called New South governors that included Jimmy Carter of Georgia.

But the Class of 1978, in office only six to eight weeks, has added a new element of reckless abandon to its reforming. "I'm not even sure F. James is planning to run for a second term," said Ted Bryant, the Birmingham Post-Herald's veteran political reporter, "because he is purposely doing some things that are politically stupid."

Indeed, Gov. James has even discontinued the obituary-clipping service through which former Gov. George Wallace Jr. sent his condolences to thousands of bereaved voters. But the new Alabama governor has not been alone in displaying a talent for disregarding the conventional rules of political survival.

Chagrined at his state's reputation as the nation's marijuana-smuggling center, Gov. Bob Graham of Florida dismissed the director of the state's law enforcement agency so abruptly that the officer learned of his dismissal from reporters.

Picking a Fight

In his inaugural and State of the State addresses, Gov. Richard Riley of South Carolina picked a fight with the Public Service Commission, which has been run for four decades as a sinecure for retired legislators. All seven seats are held by white, male former legislators appointed by their colleagues in the State House and Senate.

Gov. Riley, 46, wants the power to appoint the commissioners and says he would take race, sex, geographic location and economic status into account.

Govs. Riley, Graham and James are banking on what they regard as Southern voters' weariness with politics as usual to provide support for their reform proposals. But Gov. Clinton in Arkansas and Gov. Lamar Alexander of Tennessee frankly count on a different motivation in their states — public embarrassment at being held up to national ridicule.

The citizens of Arkansas are tired, Gov. Clinton has often said, of being ranked last or next-to-last in major indexes of social and economic welfare. In neighboring Tennessee, Gov. Alexander, 40, the lone Republican among the five new governors, has emerged as the leader of those who saw former Gov. Ray Blanton's paroling of 52 convicts and his subsequent removal from office on Jan. 17 as what one state official called "the final humiliation" of the troubled-fallen Blanton years.

Gov. Alexander has asked for repeal of the 60-year-old law that has guaranteed "good old boy" management for Tennessee prisons by putting a five-year residency requirement on the prison commissioner's job. He has helped marshal Democratic support for spending a record \$60 million on new prison buildings, usually the most unpopular appropriations item among Tennessee legislators.

Lofty Ambitions

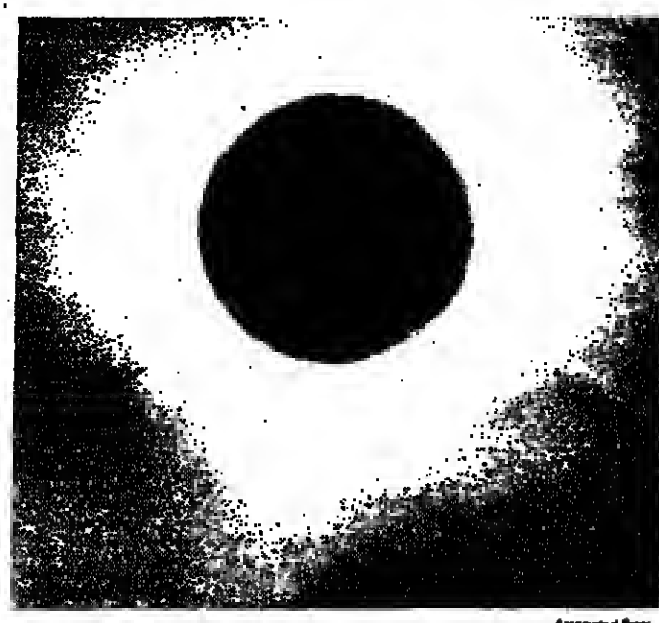
Gov. Clinton, a former Rhodes scholar, has equally lofty ambitions for the school system in Arkansas, which ranks 49th among the states in per-capita expenditures for education. He has recommended \$1,200 annual raises for teachers for the next two years. And, in one of the few tax-and-spend proposals anywhere in the region this year, Gov. Clinton is seeking a 1-cent-per-gallon gasoline tax and an increase in vehicle fees to raise \$45 million annually for highway improvements that he sees as essential to economic growth.

Gov. Clinton has also led the way in pushing beyond tokenism in the appointment to cabinet-level jobs of women and blacks. But the most significant single leap forward in minority appointments may have been recorded by Alabama's Gov. James, 44, a fiscal conservative elected with scanty black support. He appointed a black former legislator, Gary Cooper of Mobile, to head the state Department of Pensions and Securities, the politically powerful agency that dispenses millions of dollars in individual welfare payments and in grants to local governments.

Alabama newspapers hailed as historic Gov. James' abandonment of former Gov. Wallace's policy of confrontation with U.S. District Judge Frank Johnson Jr., who in 1976 ordered the correction of "junglelike" conditions in Alabama prisons. For more than two years, Gov. Wallace and his appointees resisted Judge Johnson's order. But in a series of private meetings, Gov. James reached an accord with the judge.

Gov. James subsequently was praised for reclaiming gubernatorial powers that, under Gov. Wallace, had been relinquished to the U.S. courts. If there is one trait linking the five reformer governors, it is a dedication to seizing new powers or exercising old ones that had lain dormant.

One explanation for this trend, Gov. Clinton suggested, is that governorships are more attractive than congressional offices for politicians who have an impulse to attack the South's chronic problems. "If you want to do things and change people's lives," he said, "run for governor. That's where the power is."



Clouds broke for a few minutes yesterday to give residents of Olympia, Wash., this view of total eclipse of sun.

Cloud Cover Spoils Solar Eclipse For Most North America Viewers

SEATTLE, Feb. 26 (AP) — Thousands in the Pacific Northwest in the United States and Canada peered in vain today for a glimpse of the last total eclipse of the sun in North America this century.

East of the Cascade Mountains, clouds broke to provide some view of the sun as the moon passed from west to east across the sky. Clouds covered most of the area, however, forcing most viewers to rely on television pictures taken from planes flying above the thick cloud cover for their glimpse of the eclipse.

Scientists, amateur astronomers and the curious gathered on parking lots, porches, decks and grassy knolls, with their telescopes, home-made projectors and commercial viewers.

The next total eclipse of the sun in North America will be in 2017.

Blow to Pinochet Regime

5 Bodies in Chilean Mine Said to Be Police Victims

By Charles A. Krause

SANTIAGO (WP) — Identification of at least five of 14 bodies found in an abandoned mine shaft as those of people seized following the 1973 coup has dealt another blow to the credibility of the military government here.

President Augusto Pinochet's junta has insisted that it had no responsibility for the 650 persons listed as missing. It charged that the issue was raised as part of an international Communist campaign to undercut the government that overthrew Salvador Allende, a Marxist. Human rights groups inside and outside Chile have long insisted that the missing Allende supporters were executed as part of a policy to eliminate the left.

As with the assassination of Orlando Letelier, it appears that another of the Pinochet government's darkest and most sensitive secrets is being exposed. At the same time, it is a measure of the relaxation of press self-censorship and an increasingly assertive and independent judiciary that the post-coup abuses are coming to light. Mr. Letelier, a former official in the Allende government, died when his car was bombed in Washington in 1976.

In the case of the five positively identified from the mine shaft, there is all but no question that they were last seen alive in the custody of police. The government has offered no explanation of their fates.

But even government supporters acknowledge that the 14 skeletons

Newton Rejects Judge Assigned In Murder Trial

OAKLAND, Calif., Feb. 26 (UPI) — Black Panther leader Huey Newton rejected the judge assigned to his murder trial today, delaying the proceedings at least another day.

The rejection of Judge Stanley Golde of Alameda County Superior Court was a surprise because he is considered a liberal. It was Judge Golde who worked out the agreement under which William and Emily Harris pleaded guilty in the Patricia Hearst kidnapping case.

A defendant may exercise a peremptory challenge disqualifying the judge without giving a reason. Newton's attorney said outside the courtroom that Judge Golde was rejected "on the grounds we didn't think Newton could get a fair trial in his court."

All parties were ordered to return to court tomorrow when a new judge will be named.

The Panther leader is charged with the street corner shooting of a 17-year-old prostitute four years ago. The trial has been delayed nearly three years by Newton's flight to Cuba and Algeria, from where he returned voluntarily, and another 18 months by legal maneuvering while he was out on bail.

The law requires firms employing more than 2,000 persons to give the workers as many seats on the board of directors as the shareholders have.

Two Networks Based in U.S., Britain

Cables Show Spain Envoys Spied for Axis

By Thomas O'Toole

WASHINGTON, Feb. 26 (WP) — While Japan was setting up a World War II spy ring in the United States, made up of Spain's diplomatic delegation, Germany was operating a similar ring in Britain, headed by Spanish diplomats in London.

Once the spy ring in the United States was operating, both networks of agents were given the code name TO, which has two meanings in Japanese — "door" and "east." Japan financed the Spanish ring in the United States. Germany financed the counterpart in Britain, with Japan paying bonuses to the Spanish diplomats in London when "they did fine work."

Both spy networks were at least partly controlled from the Japanese Embassy in Madrid, according to documents turned over to the National Archives by the National Security Agency. The documents are the translated versions of Japanese diplomatic cables whose codes had been broken by the United States.

The documents show that the Spanish ambassador to Britain, along with a key aide, put together a network of spies whose main target was the movements of ship convoys. They gave the data and weather reports to the German submarine command.

Spanish Agents

The Spanish Embassy in London even had in its network "5 Welshmen, 2 Irishmen, 11 Scots, 2 Spaniards and possibly 1 other man." None of the agents was identified, but the two Spaniards were in addition to the ambassador and his aide.

Germany financed the enterprise and supplied the agents with short-wave sets and special links to insert information between the lines of Spanish diplomatic messages sent out of London by courier to Madrid. The linked messages were sent to Berlin to be read because neither the Japanese Embassy nor the Spanish Foreign Ministry in Madrid was given the chemicals to bring out the invisible words.

The decoded cables show that the Spanish Embassy in London organized its spy ring at the beginning of the war between Germany and Britain in 1939. Through Spanish Foreign Minister Ramon Serrano Suner, the messages were turned over to the Japanese Embassy in Madrid, "free of charge."

Although Japan paid bonuses when the Spanish agents did "fine work," just how much Japan paid for the services of the London network is not clear. An August, 1942, cable suggests that the Japanese Embassy in Madrid could draw on a revolving fund of at least \$500,000 in Swiss francs.

Typical of the reports sent from London to Madrid was a cable dated July 12, 1942, which gave detailed descriptions and destinations of British warships sailing out to sea. The July 12 cable also told of a nine-ship convoy leaving the British port of Southampton, what it carried and what kinds of warships were escorting it.

Doubtful Accuracy

The accuracy of the London espionage was questioned at least once by Tokyo, which had been told, in a single three-month period in 1942, that England had decided to invade Turkey, that a second air raid was contemplated against Tokyo, "using British and Ameri-

can pilots," and that French West Africa was about to be attacked by the United States and Britain.

None of this was true, as Tokyo pointed out to the Japanese Embassy in Madrid in the following cable: "You do not know how grateful I am for your efforts in sending me continually very precious intelligence, which you have gathered in strictest secrecy. Now, judging from the phrasing and contents of these messages, however, there are often certain things which we find hard to believe — that is, things which do not appear necessarily to be factual. Therefore,

TWA Canceling Some U.S. Links For Lack of Fuel

KANSAS CITY, Mo., Feb. 26 (UPI) — Trans World Airlines canceled six domestic flights yesterday because of a fuel shortage, and said it expected to cancel another five today.

It was the first time since the Arab oil embargo in 1973 that TWA had canceled flights because of fuel shortages. Larry Hilliard, TWA director of corporate communications, said that the six flights would be reinstated today, but five others would have to be canceled. He said that all flights might be restored as early as tomorrow.

Mr. Hilliard said that fuel deliveries from Texaco and Champion, two of the airline's principal fuel suppliers, had been cut back. As a result, he said, TWA would cut back on flight training and was transporting extra fuel on inbound flights in an attempt to restore adequate supplies.

No other airline reported flight cancellations yesterday, although a spokesman for Delta Air Lines said that it had been dangerously low on fuel at times.

No Soviet Forces, Bulgaria Says

VIENNA, Feb. 26 (AP) — Bulgaria today denied as "groundless and ill-intended" reports that Soviet ground and air forces have been transferred to Bulgaria.

The denial was published abroad by the official Bulgarian news agency, which quoted "a most responsible source." "Similar slanders addressed to Bulgaria have been fabricated before as well," the statement said, "they have always been refuted by the facts."

The statement referred to a report published yesterday in Vienna.

Britain's Funeral Urn Will Be Egg Timer

LONDON, Feb. 26 (Reuters) — A 63-year-old Briton has made arrangements for his funeral ashes to be used in an egg timer. "I've worked hard all my life, and I want to keep on working even after I'm dead," Tom Moyes said.

Mr. Moyes showed journalists the large egg timer with brass corners framing its two glass bulbs. "I've told my wife and daughter to have me cremated and then have the ashes powdered and keep me in the egg timer."

since everything you send us is of the highest importance, will you, insofar as possible, send us the proof of the messages."

Besides using Spanish diplomats as spies, according to the documents, the Japanese Embassy in Madrid paid bribes to Chilean government officials to spy on the United States and to keep Chile neutral in the war. Three decoded cables in July, 1942, said that the Japanese minister to Santiago was given 1 million pesos to "deposit" in the accounts of Florencio Duran, chairman of the Chilean Senate. A cable to Tokyo said that the money was "delivered" July 4 to Mr. Duran.

Another time, the Japanese minister asked permission to pay 1,000 pesos a month to the "younger cousin" of the Chilean foreign minister. This person "is advantageously placed to make private investigations of the views of the foreign minister," a cable from Santiago to Madrid said. "While carrying on his profession as a lawyer, he can gather intelligence of the financial world through contacts with his clients."

Idaho Farmers Pay For Protest Damage

BOISE, Idaho, Feb. 26 (UPI) — A group of Idaho farmers has presented Agriculture Secretary Bob Bergland with checks to pay for damage caused by tractors during a farmers' protest in Washington, D.C., earlier this month.

Doug Jones of the Twin Falls Farm Bureau told Mr. Bergland Saturday that not all farmers agreed with the mobilized protests and said that the checks were meant to be the start of a fund to pay for about \$500,000 damages done to public property.

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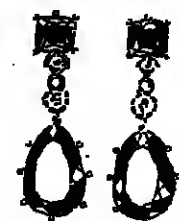
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Alleged Training Camp for Guerrillas

Rhodesia Attacks Rebel Base in Angola

SALISBURY, Rhodesia, Feb. 26 (AP) — Rhodesian planes struck into Angola for the first time today, hitting a black guerrilla training base, the Rhodesian military command announced here.

The communiqué said: "At 0810 this morning, Rhodesian air force aircraft successfully attacked a very large ZIPRA terrorist training camp in Angola across the Zambian border. All our aircraft have returned safely."

There was no comment from Angola or the guerrillas.

Rhodesia's tiny air force, flying vintage jet bombers and fighters, has already hit black guerrilla bases in neighboring Zambia and Mozambique in recent days as Rhodesia prepares for an election April 20 to bring black majority rule here.

Sabotage Vowed

The guerrillas, belonging to the Patriotic Front, have vowed to sabotage the election process that will end 90 years of white domination. They say the blacks in the present transition government are white

puppets and that whites will continue to exercise strong influence in the future black government.

Following the downing of an Air Rhodesia Viscount over Kariba on Feb. 12, the Rhodesians vowed to take revenge on Joshua Nkomo's Zambia-based guerrillas. Rhodesian planes have already struck three times into Zambia since the Viscount crash in which all 59 persons aboard died.

The communiqué did not say where the ZIPRA base was located in Angola, only identifying it as belonging to Mr. Nkomo's Zimbabwe African People's Union. ZIPRA is the abbreviation for the military wing of the organization, the Zimbabwe People's Revolutionary Army.

The Nkomo guerrillas are believed to be receiving military training from Cuban and possibly East German advisers in Angola.

At Least 18 Raids

Rhodesia has acknowledged at least 18 major raids into neighboring black states in the last two-and-a-half years, hitting about 50 guerrilla bases and killing more than 3,000 black nationalists.

On Friday, Rhodesian planes struck two Nkomo camps within a 20-mile radius of Lusaka, the Zambian capital. One was described by the Zambians as a refugee (transit) camp and the other as a ZAPU military camp.

Mr. Nkomo said 18 persons were killed and 122 wounded, but witnesses reported a higher toll.

On Feb. 17, the Rhodesians raided ZAPU camps near Livingstone, Zambia, on the Victoria Falls border with Rhodesia and what they described as a supply depot of Robert Mugabe's Mozambique-based Zimbabwe African National Union, 80 miles inside Mozambique.

Rhodesia has been isolated by international economic and military aid sanctions since 1965, when white Prime Minister Ian Smith unilaterally declared Rhodesia's independence from Britain.

W.A.C. Bennett, Political Leader In Canada, Dies

KELOWNA, British Columbia, Feb. 26 (AP) — W.A.C. Bennett, 78, the former Social Credit Party leader who was premier of British Columbia for 20 years, died Friday. Mr. Bennett, father of the current premier of British Columbia, Bill Bennett, had been taken to the hospital two weeks ago. Dave Barrett, the New Democratic Party leader who ended Mr. Bennett's political career in 1972 in an upset election victory, called the former premier's death the passing of an era.

Prior to the 1972 loss, Mr. Bennett had led his party to seven consecutive election victories in the 1950s and 1960s.

Sidney Cooperband

BOSTON, Feb. 26 (AP) — Sidney Cooperband, 47, director of the Hubert H. Humphrey Cancer Research Center at Boston University, has died after a long illness, the university said.

Anita Colombo

MILAN, Feb. 26 (AP) — Anita Colombo, 84, an assistant to Arrigo Tassinari at La Scala Opera in the 1920s, died here yesterday.

Zia Reportedly Reasserts Stand In Bhutto Case

RAWALPINDI, Pakistan, Feb. 26 (UPI) — President Mohammed Zia ul-Haq reportedly has repeated his intention of sparing the life of former Prime Minister Zulfikar Ali Bhutto only if the Supreme Court commutes his death sentence for ordering the murder of a political opponent.

Newspaper editors who were at a meeting with Gen. Zia during the weekend quoted him today as saying that he had spoken by telephone to King Khaled of Saudi Arabia, Pakistan's closest ally. They said that Gen. Zia, in recounting his conversation with the monarch, repeated that he would abide by the court's decision.

Many Pakistanis had expected that King Khaled's request last week to Gen. Zia to spare Mr. Bhutto's life would prompt him to commute the death sentence to life imprisonment or exile abroad.

Gen. Zia has said several times that he regards what King Khaled says as an order.

2 U.K. Soldiers Die in Shootout

BELFAST, Feb. 26 (AP) — British soldiers killed a senior, during a gunfight at a Belfast military base yesterday after he allegedly went berserk, shooting and killing a corporal and badly wounding another uncommissioned officer, army headquarters reported.

The senior was identified as Trooper Edward Maggs, 20, of the Blues and Royals Regiment of the Household Cavalry.

An army spokesman said Trooper Maggs was on guard duty at Woodburn base on the western outskirts of the city when he started firing his automatic rifle. Other soldiers, believing the base under attack by IRA guerrillas, raced from their barracks with their weapons.



A GERMAN JINGLE — Dressed in bells and wooden masks, the "Gschellharren" (Bell Fools) enjoy the "Narrensprung," a traditional pre-Lenten fete in Rotweil, West Germany.

Total of 6.35 Billion Expected Within 21 Years

50% Rise in World Population Forecast

By Robert Reinhold

WASHINGTON, Feb. 26 (NYT) — Despite widespread signs that the world population growth rate has started to decline, the Census Bureau reported yesterday that the population could be expected to increase by about 50 percent, reaching 6.35 billion by the year 2000.

If the projected increase of 2.26 billion persons between 1975 and 2000 holds true, the population rise for just a quarter of a century would be equal to the entire world population increase from the time of Jesus until 1950. About 90 percent of the growth would occur in poorer countries, according to the bureau.

A startling reversal of death patterns is also foreseen, with mortality rates in poorer countries falling below those of richer nations by the end of the century. This is expected to happen not because of advances in health conditions but because the birth rates of affluent countries are so low that they will be top-heavy with elderly people by the year 2000.

The Census Bureau, which is making global projections for the first time, cautioned that its estimates were based on considerable guesswork and were vulnerable to unanticipated changes in fertility, climate and economic conditions.

But the population projections, which are slightly higher than forecasts made by the United Nations and the World Bank, underscore the increased demands that can be expected to be made on the world's natural resources, its habitable land and its economic structure in coming decades, even though the world's population is not increasing at the high rates of previous periods.

"It is very clear already that with a population increase of this size there will be fairly significant implications in terms of economics and resources, particularly for South Asia, Africa and parts of Latin America," said Gerald Bamey, of the Council on Environmental Quality, who is preparing a report on global trends for President Carter.

The new census projections were compiled for use in that report. They were requested by Mr. Carter in his 1977 message on the environment. The report is to be released later this year under the title "The Global 2000 Report to the President."

The projections are likely to rekindle debate about how quickly the fertility rate can be reduced. Meanwhile, Lester Brown of the Worldwatch Institute, a nonprofit research organization concerned with environmental problems, expects that the world's population projections would be fulfilled because of inflation and growing shortages of food and housing. "Inflation will be a powerful contraceptive force in the future," he said.

China Publishes Einstein Articles

TOKYO, Feb. 26 (AP) — A collection of articles to commemorate the centennial of the birth of Albert Einstein has been published in Shanghai, the Chinese news agency said today.

The volume includes translations of 28 selections from the scientist's works and 21 articles on his life by family members, friends and colleagues, the agency said.

Much of the material, the agency said, is available in China for the first time.

98 Reported Killed In Ethiopia Fighting

ROME, Feb. 26 (UPI) — The Eritrean Liberation Front said today that 98 civilians were killed and 74 were wounded in Ethiopian air raids near the provincial capital of Asmara last weekend.

A spokesman for the Eritrean separatist group said the bombing of six villages around Asmara was made Saturday as Ethiopian forces tried to extend their defense perimeter around the city.

The census study did not take into account the influence of inflation and other demographic factors on population growth.

But Maurice Moore, the Census Bureau demographer who made the projections, said: "You do not go from high fertility to zero population growth overnight in the less developed countries. There are going to be declines, but they are already starting from very high rates." Mr. Moore said he anticipated severe economic pressures on the wealthier countries, while countries rich in natural resources would become increasingly more powerful.

Last November, the Census Bureau reported that world growth rates had registered a slight decline in the last decade.

High, Medium and Low

The reason that such a staggering population increase is expected, even though the growth rate would be lower, is that it would stem from a much higher population base. That would explain why the world's population increased by an estimated 1.56 billion persons between 1950 and 1975, when growth rates were high, but is expected to grow by 2.26 billion from 1975 to 2000 with declining rates.

The Census Bureau issued three

projections, a high, medium and low series, each reflecting differing assumptions about fertility and death trends. Under the high projection, the world's population would rise from 4.13 billion in 1970 to 6.8 billion in the year 2000. In the medium range, it would increase from 4.09 billion to 6.35 billion, and in the low series it would rise from 4.04 billion to 5.92 billion.

The projections underline the sharp differences in demographic trends between rich and poor countries. In the last quarter of the 20th century, the poorer countries are expected to grow four times as fast as affluent ones. This would mean that poorer regions would make up 78 percent of world population in the year 2000, as against 73 percent in 1975 and 68 percent in 1950.

By region, Africa is expected to grow from 9.8 percent to 12.8 percent of world population; Latin America, from 7.9 percent to 10 percent, and Asia and Oceania from 55.6 percent to 57.2 percent. In contrast, the combined population of Western countries would drop from 17.3 percent to 12.7 percent of the world's population, and the population of the Soviet Union and Eastern Europe would fall from 9.4 to 7.3 percent.

Team of Doctors Cites Several Causes

Naples Illnesses: No New Virus Found

By Lawrence K. Altman

ATLANTA (NYT) — The mysterious deaths among infants in Naples were not caused by a new virus, as was suspected, but by outbreaks of previously known disorders, according to a member of the international team of doctors that investigated the situation.

Dr. William Baine, an epidemiologist at the U.S. Center for Disease Control here, said after his return last week from Italy that the outbreaks affected 69 of 100 infants, most under the age of 2. These children rapidly fell into a coma and were admitted from June 1 to Feb. 6 to the Santobono Hospital, which provides intensive care for children. The outbreak was centered in southern Italy.

Dr. Baine said that the cases could be divided into two major groups. The first group was affected by a type of brain damage called encephalopathy. These cases occurred from June 1 to Dec. 6 and in turn can be divided into two subgroups. In one subgroup, the cases followed immunizations against diphtheria and tetanus. The vaccines were from several manufacturers and the cause of the encephalopathy was unclear. In the other subgroup, the cases followed colds and mild viral illnesses.

The second major group involved 37 cases in December, January and February. These children suffered respiratory infections that progressed to respiratory failure and coma. Dr. Baine said that the studies suggested that a virus, called respiratory syncytial virus, was primarily responsible for these cases but that some cases were caused by other viruses such as influenza, parainfluenza and herpes simplex.

The international team was invited to Naples largely because of concern that the cases were caused by a new type of respiratory syncytial virus. Dr. Baine said that no new virus was found after preliminary laboratory tests.

There were widespread reports that the outbreak of the disease, called *il male oscuro*, the mysterious illness, was a result of poor living and hygienic conditions in Naples. Dr. Baine said that, although

Pope Moves to Disengage Church From Partisanship

By Kenneth A. Briggs

NEW YORK (NYT) — When Pope John Paul II last week denounced "exploitation of man by man" as well as "by the state and economic systems," he was asserting a view of the Roman Catholic Church's proper relationship with the temporal realm that is at variance with much of the theory and practice of ages of Christian history.

After centuries of trying to link the church with political regimes, the Vatican is turning toward a policy of disengagement and a style of activism that focuses on moral issues rather than the formation of partisan organizations.

Papal statements, documents of the Second Vatican Council and theologians from many regions have called on the church to side with the poor, contribute to political awareness and criticize ideologies left and right.

Concurrently, the church has redefined its place in a variety of political situations, either by being forced to take on a new role or by applying evolving patterns of social and theological analysis to an increasingly complex patchwork of political systems.

Stepping Back

Evidence of the desire to step back from direct political involvement or special political status can be found in many parts of the Catholic world. The church has largely broken its established ties to the regimes in Spain and Ireland, for example, and learned a lesson from its entanglement when the Portuguese regime, closely allied with the church, collapsed in Angola and Mozambique.

Pope John XXIII and his successor Paul VI warned of the dangers of Communism at the same time that they condemned what they saw as the excesses of private enterprise. In his encyclical "Populorum Progressio," for example, Paul VI attacked the "system" that "considers profit as the key motive for economic progress, competition as the supreme law of economics, and private ownership of the means of production as an absolute right that has no limits and carries no corresponding social obligations."

The Vatican Council provided intellectual foundations for rethinking the church's role in society. A "Declaration on Religious Liberty" said that the church should forswear special privileges and ask only for freedom to practice religion. A "Constitution on the Church and the World" stated that the church "has no specific political mission" but that its "religious mission" includes "enhancing the dignity of the human person," "protecting human rights," and "fostering unity of the human family."

The model of "nonpolitical" activism has been shaped during the last decade, but John Paul II has now focused attention on the spe-

cific cases of the church's approach to the staggering social problems of Latin America and to the hostile setting of the Communist countries.

The pope's principal speech at the recent Latin American conference of bishops and the final document issued by those bishops reflect the new position. Together, they urge the church to take up the cause of the poor and to press the fight for "liberation" from a host of injustices. But they explicitly caution against entering the church's political parties.

In his speech, the pope drew on the teachings of his predecessors, particularly Paul VI, to lay down a theological basis for the ministry of liberation that will, it is widely believed, be the core of his first encyclical, expected soon.

He declared that the church must above all insist on its special spiritual claims. The church cannot cease to affirm the church's faith, he said. Only by seeing himself as a child of God, he continued, can man comprehend the meaning of human dignity and truly see the need to defend it.

The pope's rationale rejects any definition of persons as basically economic components, or aggregates of social and cultural influences, as claimed by the ideologists that compete with Christianity. But his call for supernatural allegiance to Christ as the one absolute, beyond any ideology, entails an insistence that God's compassion for the poor implies action.

Specially Blessed

While Christ was not primarily a "revolutionary," the pope said, he nonetheless "did not remain indifferent in the face of this vast and demanding imperative of social morality." The dawn of the Kingdom of God, proclaimed in the Gospels as beginning with Christ, states that those who carry out this imperative will be specially blessed.

The difficulties with the new style of activism have become apparent as the church strives to incorporate advocacy of human rights within the larger category of evangelization. The actual process of working out the principle can cause confusion. Political interest on behalf of the downtrodden may be hard to separate from outright political action.

An example is the church's drive against abortion. While the campaign rests on religious beliefs about the sanctity of human life, the strategies used often resemble those of partisan politics. The church argues that it does not exceed its right to lobby on an issue of such importance, but critics have difficulty seeing the line between such efforts and direct political partisanship.

Despite complications, the church seems determined to ask a minimum of favors from governments in order to take a stand as disinterested party in a wide assortment of issues. The pope has shown a desire to be obedient to no regime and to have the freedom to criticize any and all. He did so in his native Poland and can be expected to do so again if, as expected, he visits that country this spring. His ambition for the church is one of nonalignment.

Pope Attacks Abortion

VATICAN CITY, Feb. 26 (UPI) — Pope John Paul II lashed out at abortion yesterday, equating it with murder, genocide and euthanasia. He told participants in a "Movement for Life" convention that the weekend: "Don't be discouraged by the difficulty, the opposition or the lack of success you may meet. Humanity is in question when it is, no one can lose himself in an attitude of resigned passivity."

Down 36.1% Since 1962

U.S. Stroke Death Rate Drops Sharply

By B.D. Gulen

WASHINGTON, Feb. 26 (UPI) — The number of Americans killed by strokes each year is declining dramatically, according to data compiled by the National Heart, Lung and Blood Institute, a division of the National Institutes of Health.

The stroke death rate, when adjusted for age changes in the population, has declined 36.1 percent since 1962, with more than two-thirds of that drop occurring since 1972, the year a major, continuing national campaign was begun to identify and treat those suffering from high blood pressure.

Speaking Friday to a meeting of the Black Health Providers Task Force on High Blood Pressure Education and Control, Dr. Robert Levy called the decline one of "gross proportions." One that has to give very high credit to increased awareness and attention to high blood pressure.

"In the 1940s and 1950s, stroke was declining at about 7 percent a year, and in the 1960s it was declining at about 1.5 percent a year," said Dr. Levy, director of the Heart, Lung and Blood Institute.

'Silent Killer'

"In the 1960s we had anti-hypertensive drugs introduced for the first time," Dr. Levy said. "But the fact is that since 1972, stroke deaths have been declining at an amazing rate, greater than 5 percent a year."

The National High Blood Pressure Education Campaign began in

1972, with announcements on radio, television, and in newspapers, and community efforts to make people aware of the perils of high blood pressure — the so-called "silent killer."

Dr. John Laragh, professor of medicine at Cornell Medical School and head of the hypertension and cardiovascular center at New York Hospital in New York City, said that the decline "is a consequence of the national program to identify and treat high blood pressure."

"I'm sure we're identifying more people with high blood pressure than ever before, and more are being treated," Dr. Laragh said. The sharp decline in stroke-related deaths coincides with an overall decline in deaths due to cardiovascular disease.

Overwhelming Demand

It is impossible to say positively that the information campaign has caused the decline in stroke deaths, Dr. Levy said. But he noted that hypertension is the leading cause of strokes, and visits to physicians for treatment of hypertension have increased 48.5 percent since the beginning of the campaign, while all visits to physicians have increased by only about 5 percent.

One of the "dramatic things"

about the national decline in stroke deaths, Dr. Levy said, is that it "has declined as precipitously in the nonwhite population as in the white population."

While an estimated 35 million Americans suffer from high blood pressure, the condition is much more common among blacks than whites, and no one really knows why, according to Dr. Charles Curry, chairman of the department of cardiovascular medicine at Howard University Hospital.

"There are certain factors that seem to predispose to hypertension, such as a high salt intake," said Dr. Curry. "In areas of the world where they don't use salt, such as among Eskimos, they don't have hypertension. In areas with high salt intake, like Japan, it is a major problem."

Dr. Curry said that some people theorize that more blacks suffer from hypertension than whites because blacks eat a high-salt diet. But this is controversial, because in areas of the South, studies have shown that whites and blacks eat the same diet, and yet hypertension is more common among blacks. It is twice as high as that in whites.

It has traditionally been difficult to convince people they need treatment for hypertension because "it is an asymptomatic disease," Dr. Curry said. "They have no way to know their blood pressure is high. Once they start to feel ill, they may feel lethargic, tired, they may be dizzy, they may have sexual dysfunction." Properly treated, however, he said, most of the side effects can be eliminated.

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opera in Paris.

The Complete 'Lulu' Makes Musical History

By David Stevens

PARIS, Feb. 26 (IHT) — Alban Berg's "Lulu" has finally reached the stage in its full three-act form, more than 43 years after the composer's death, giving the Paris opera a world premiere of the first kind and closing the book on one of the most gripping musical stories of the century.

The first performance on Saturday night was a triumphantly convincing musical level, far less so in its realization — was given to audience heavy with official and musical notables. Prime Minister Raymond Barre of France, Chancellor Helmut Schmidt of West Germany, and Edward Heath, the former British prime minister, were in the audience. The attendance was dense with composers, conductors, stage directors, theater managers and even the occasional singer, well as more than 300 critics and journalists from all points of the western world.

The background to this tensely awaited event begins with the death of Berg on Christmas Eve, 1935, in his second opera, "Lulu," finished. Berg's importance as a composer and the impact of his opera, "Wozzeck," intensified the tragedy of his death at 50, and the atmosphere of the Nazi era had made a production in Germany or in his native Vienna impossible.

It contributed indirectly to the delay in its completion. Attempts to have the third act completed were unsuccessful, and the world premiere took place in 1937 as a two-act opera, plus the final scene of Lulu's murder and parts of the choral suite, or "Lulu Symphony," that were drawn by Berg himself from the third act.

Widow's Opposition
In this form "Lulu" has made its way into the operatic repertoire since the early 1950s. Meanwhile, a few experts who had seen the complete score and other related materials insisted that it was substantially complete and that a faithful completion of the third act was not at all impossible. At the same time the opposition of Berg's widow, Helene, grew more and more adamant, and she died in 1976, leaving a will that attempted to close the door on completion of the opera once and for all — for reasons now known to be as much personal as technical.

It now transpires that Berg's Vienna publisher, Universal Edition, had other ideas. As early as 1962 — when the two-act version received a belated Vienna premiere with Karl Böhm conducting — the publisher confided the work of completing the third act to Friedrich Cerha, a Viennese composer, conductor and teacher, and an alumnus of the 12-year school. He worked on it until 1974 — work he described in great detail at a conference a few hours before the premiere — and the result was put in the shelf to await the widow's death. Rolf Liebermann, who has been in the forefront of efforts to revive "Lulu," completed, won the first performance for Paris (without him it surely would have taken place elsewhere), and the final hours of a lawsuit by Mrs. Berg's executor and the inevitable strike by the Paris stagelands were averted, bringing the long story to a logical conclusion.

As revealed Saturday under the



Lulu (Teresa Stratas) with Alwa (Kenneth Riegel).

musical direction of Pierre Boulez, the result is utterly convincing. Not only is the final act not an anticlimax, it is essential to the opera's musical and dramatic architecture. Berg's system of symphonic recapitulation, repetition, self-quotation, musical-dramatic correspondences and allusion — all of which were keys to Cerha's realization of Berg's intentions — find their logical completion in the final act. Dramatically, Lulu's social rise, with the deaths of her husbands climaxing in her murder of Dr. Schoen, is completed by her fall to prostitution and her murder by Jack the Ripper (played by the same singer who portrays Dr. Schoen).

As it stands now, this version should still the qualities about completing the opera and of contravening Mrs. Berg's will, and — burning any other legal problems — it should and probably will quickly exterminate the two-act version from the world's operatic stages.

Authority and Clarity
Boulez conducted the complex and powerful score with immense authority and extreme clarity, as if intent on analyzing it for the audience. This approach stresses Berg's modernity rather than his late romanticism, and the tone of the Paris orchestra did not have the

Robert Tear, as the Painter (husband No. 2) and then the Negro who brutally dispatched Alwa in the final scene, and Gerd Nienstedt, whose booming bass was right for the Animal Tamer of the prologue as well as the gross vulgarity of the Athlete. Yvonne Minion sang the other principal female role of the lesbian Countess Geschwitz, deploying her rich mezzo with telling effect and acting with almost too much dignity and restraint. The lesser roles were uniformly well taken.

Cerha's Qualifications

Patrice Chereau brought two major qualifications to his job of staging "Lulu" — his collaboration with Pierre Boulez on the highly controversial centennial staging of Bayreuth's Wagnerian "Ring" cycle, and a staging in Milan of the two Frank Wedekind plays — "Earth Spirit" and "Pandora's Box" — on which "Lulu" is based. He also brought a number of ideas expressed in interviews and program notes, but not necessarily carried out on the stage.

He expressed the view that the work is realistic and should be staged "in a very concrete, very material way." The same could be said Berg's own view of his opera, yet Chereau ignored Berg's own explicit instructions for staging and settings at almost every turn without substituting anything really convincing.

In the third scene of Act I, Lulu's theater dressing room is anything but private, with a glass wall through which other performers gawk at Lulu's humiliation of Dr. Schoen; nor would Schoen have committed the unthinkable act of bringing his fiancée backstage when he comes to remonstrate with Lulu. In the first scene of Act II, some inexplicable party or reception seems to be going on, with several supernumeraries cluttering up an already complex scene. The same scene was almost entirely devoid of furniture, so that the sofa (essential, because it is referred to later) has to be carried on so that Schoen can die on it. And so on.

Berg's own indications give no precise clue as to the epoch of the opera, although references to "revolution in Paris" and Jack the Ripper, as well as Berg's instructions for settings, suggest the late 19th century. Chereau suggested that Lulu is "perhaps a Jewess in the 1930s."

This idea appeared to be stressed in Richard Peduzzi's sets and Jacques Schmidt's costumes. Peduzzi's sets suggested a series of monumental Art Deco locales in dark marble, vaguely reminiscent of the Nazi decadence of Albert Speer's architectural notions. None of them corresponded to the scenes indicated in the text — in particular the scene in a Paris gambling salon, which might have been in some Mussolini-era railroad station. All of them tended to diminish the characters and the underline the essential brutality of Chereau's staging.

One Exception

The doubling and tripling demanded by Berg in the casting was scrupulously carried out, with one notable exception. Lulu's first client as a London prostitute was not sung by Blankenheim, who had been her first husband, but was cast with a dwarf, adding to the general bizarreness but not making any discernible point. In any case, Blankenheim was already doubling as Schigolch, who is on stage at the same time, so it may merely have been a decision made necessary by the late change in the casting of Schigolch.

There were cheers for everyone at the end of the premiere, including Cerha, who was on hand for his justly deserved share of the applause. In his explanation of what he had done, Cerha noted that of the approximately 64 minutes of the third act, Berg himself had already orchestrated 19 minutes. Some 17 minutes was of unquestionable authenticity because of the material left by Berg, and for 20 minutes Berg's material made an instrumentation possible "in the spirit of Berg." He said there were 8 minutes for which his solutions "contain some uncertainties," including 52 seconds of the vocal quartet for which he had to supply some of the vocal lines.

Cerha himself characterized his solutions as "prudent," remarking that Berg himself might well have been more daring. Berg experts will surely be poring over his work, but many have already seen it, and the evidence of Saturday's performance is that Cerha has seen his duty and done it with maximum fidelity. Although two-thirds of the opera has been known, it could not until now — as Cerha pointed out — be two-thirds understood without its third act.



Robert Tear, left, as the Painter and Franz Mazura as Dr. Schoen in Paris production of "Lulu."

Opera in Berlin

Dresden Shows Off 'Vincent'

By Paul Moor

BERLIN, Feb. 26 (IHT) — The seventh Biennale of Contemporary Music in East Berlin, which this year ran from Feb. 16 to 25, reached one of its high points when the Dresden State Opera came to town and presented the second performance of "Vincent," a brand-new opera about Vincent van Gogh by the East German composer Rainer Kunad, which had had its world premiere in Dresden two nights earlier.

The biennale, originally was modest and, by Western standards, conservative. In these days, East Germany's contemporary music fare still suffered under the prejudices dictated by Yuri Zhdanov, Stalin's culture czar, and Zhdanov equated not only dodecaphony but even Stravinsky with original sin. As time has passed, the Zhdanovites in the East German Association of Composers have gone into eclipse as a younger, infinitely more gifted generation of composers has come up to outnumber them.

To put the more advanced items offered into perspective, the biennale's 30 concerts included works by Karl Amadeus Hartmann,

Charles Ives, Prokofiev, Janacek, Enescu and Martinu, but they also provided audiences with the opportunity to get to know works by Alfred Schnittke, Tadeusz Baird, Luigi Nono, Armin Reimann, Peter Maxwell Davies, Dieter Schnebel and Pierre Boulez. East Germany, naturally, had a strong representation — Paul-Heinz Dietrich, Siegfried Mathias, Reiner Bredemeyer, and Paul Dessau, to mention only the most outstanding.

"Vincent" provides the latest reminder that the Dresden State Opera, which until the 1930s could match any in the world, has made a healthy start toward regaining its former position ever since its present administrative director, Horst Seeger, took it over several years ago. Dr. Seeger first attracted international attention with an outstanding production of Schoenberg's "Moses and Aaron," followed by widely praised versions of "Tristan" and "Pelleas and Melisande." The company has also brought to international prominence the young stage director Harry Kupfer, who last year made his Bayreuth debut with "The Flying Dutchman."

Kupfer has also staged "Vincent," working, as usual, with

the designer Peter Sykora. Kunad has adapted his own libretto from a play by the East German writer Alfred Matusche, who died in 1973.

The opera, in 10 scenes played without intermission and running less than two hours, opens with Van Gogh already in Arles, painting like a fury and subsisting on a semimonthly check from his brother, Theo. The opera derives its main events from the most familiar ones in that tragic life: Gauguin's visit, the self-amputated ear, the confinement to the asylum in St. Remy, and finally the suicide.

Kunad employs an advanced musical idiom but one which, due to his taste and imagination, remains easily assimilable, and although he demands a lot from his singers, his setting leaves the text almost entirely comprehensible. Kupfer's staging deserves high praise, as does Sykora's set, an extraordinary engineering feat that includes at least 1,000 light bulbs and 17 small and large spotlights. Peter Guelke conducted the difficult work with absolute security, and the members of the great old Dresden State Orchestra handled their prickly task as if they had had Mozart or Strauss on their music stands.

Fashion Notes

Mme. Gres Reaches for Empire

By Hebe Dorsey

PARIS, Feb. 26 (IHT) — What's in a name? Plenty, judging from the flurry of activity going on in Paris right now.

The most remarkable move is Madame Gres', who, at 72, is now aching out for an empire. The last private of French couturiers, Mme. Gres has now switched and putting her talent — and her name — to full use.

She already had perfumes, ties and scarves and opened a boutique five months ago on Place Vendôme. But her latest and most spectacular coup is a tie-up with Cartier, for whom she will design a small jewelry collection, some 40 pieces, to be put on the market in June.

The contract was signed last week between the designer and Cartier's young president, Nathalie Hocq. It's the first time, Miss Hocq noted, "that a French jeweler and a French couturier agree to do business together. At the turn of the century, designer Worth had some resses jeweled by Cartier, but those were occasional commissions and not a collection per se."

Delighted
As for Mme. Gres, who will not live far to go (her house is located a few doors away from Cartier on rue de la Paix), she said she had me quite a bit of designing for herself. "Yes, jewelry, and even shoes. But I did very little for my collections." Mme. Gres also said at she was delighted to deal with high-class luxury house.

Although she said she would use "ones (not only) but semi-precious stones," Mme. Gres would give no clue as to what she is doing. All she could say is that her jewels will be different in many ways, including the way of wearing them.

The jewels will be on sale through Cartier's international network of 70 boutiques. Besides



Madame Gres

Munich, New York and Tokyo — with eight boutiques in Japan.

Besides the jewelry collection, Mme. Gres is also branching out into leather. "but only small pieces," she said. Under the influence of her new and lively business manager, Yves Mouclier, she has also agreed to do ready-to-wear, an issue on which she had been negative all her life. Her first collection of knits and separates will be out next fall. Another first: Mme. Gres, who always insisted on doing everything herself, has finally accepted the help of an assistant.

Things are moving again at Revillon's, another famous French name that has been lying dormant for years. Well-known for furs, Revillon has just appointed Herve Duperrier to its president's chair with a major program that involves developing a licensing system. Duperrier was with Dior for 28 years, 15 of which were spent on licensing operations. "But, of course," he said, "it's out of the question that I should use the Dior network for Revillon. I'll have to start from scratch."

On his way to New York to look

over the firm's U.S. operations, Duperrier said that one of his first moves will be to create a ready-to-wear line, which will be distributed through soon-to-be-created Revillon boutiques.

The idea of capitalizing on a name is not a new one but the rush now to do so is getting so frantic it could get out of hand. Couture still seems to be the best flag to push anything and everything. But any established name has a definite potential that is well worth tapping.

The game, however, can go too far. Pierre Cardin, for instance, has stretched his label to everything, including cookies and airplanes, making it difficult to believe that with hundreds of licenses, quality can be maintained.

By pushing things too far, one might well kill the goose that laid the golden egg.

A dozen or so British designers, including such leaders as Jean Muir, Zandra Rhodes, Bill Gibb and John Bates, will be on hand Thursday for the opening of Lucienne Phillips, at 9 Boulevard Malesherbes. A branch of a Knightsbridge shop, the boutique, which will stock only British styles, will be launched with a reception at the British Embassy.

Giorgio Armani, Italy's numero uno in ready-to-wear, is opening in Paris, too, in a week or so, at 31 Rue du Four. The boutique is a franchise setup with Nadine Samson (who already has a large-scale retail operation in Paris) and Patrick de Rieu.

Located in a former mansion, the Armani store will spread over three floors, with his and hers collections. The decor, done by an Italian architect, is along Armani's stark tastes: cement walls, slate floors but a light touch for the ceiling, which is pastel blue with lighted stars.

Armani just opened a boutique in New York and now in Canada.

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Credibility on Taiwan

For undertaking to normalize relations with China, Jimmy Carter said he expected "massive applause throughout the nation." What he is getting from the Congress is something less resounding but more valuable: language expressing the U.S. concern for Taiwan in terms more meaningful than his own. The chosen vehicle is the administration's bill setting up the necessary new framework for future dealings with Taiwan. That bill said nothing about security, but the Senate Foreign Relations Committee added language that does and the House Foreign Relations Committee is doing the same.

Now, Mr. Carter cannot fairly be charged with utter indifference to Taiwan. He did not "abandon" the island; he merely terminated a defense treaty under its provisions. He pledged continued fidelity to Taiwan's well-being and has moved to make specific arrangements — arms sales, a new unofficial framework for continuing old official ties — to make good on that pledge. Peking lacks the physical means and its leadership contends, the political intent to do Taiwan harm, and even if those conditions changed, the United States would remain in a position to take action, with or without a defense treaty. A good case can be made that normalization offers a better ultimate guarantee for Taiwan than would the perpetuation of ties established in another era.

But Mr. Carter can fairly be charged with indifference to Congress, and this is no small thing. It is not merely that he wounded certain sensibilities on Capitol Hill by inadequate consultation during the runup to normalization in December. That could be excused by the need to keep the talks with Peking on track. The more serious flaw was

not to realize that normalization and its reverse side, the establishment of a new pattern for Taiwan, could only be enhanced if they were seen to reflect an informed congressional imprimatur as well as a presidential one. It is a question of credibility — of Peking and Taiwan alike understanding that the United States means to keep its word. Any change as large as normalization is bound to raise the question, and the assertion of congressional concern strengthens the administration's own.

Frank Church, in his first substantive test as chairman of the Senate Foreign Relations Committee, brought off Taiwan-security language that did two things. This language, adopted unanimously, will surely be more impressive to Peking for reflecting a broad congressional consensus and not a narrow or partisan majority. Moreover, the language protects well the essential feature of normalization with Peking — not to maintain a backdoor recognition of Taipei, as some would-be spoilers of normalization had wanted to do. That is why the administration, which started out by saying that no additional congressional handiwork was necessary, now finds that the Senate committee's product is acceptable after all. The House is, as we say, heading in the same direction.

Mr. Carter might have done better if he had understood and accepted earlier the extra weight that informed congressional cooperation could add to his own chosen China policy. It would have saved him some slight political embarrassment. But the way, seems clear now for a truly national expression of policy on this important question.

THE WASHINGTON POST.

January's Prices

The depressing thing about the rise of consumer prices last month is that there were no surprises. It was a very broad upward movement among all the categories of prices that have been moving upward for months and seem very likely to keep moving upward. There was no tremendous strikes or droughts or disruptions to account for any significant part of that rise. It was just the same old trend, accelerating.

Worse, most of the largest price increases were in areas that the administration's price guidelines do not cover. They were, as you would expect, mainly in food, medical care, home financing and fuel. Does it mean that the country ought to head toward mandatory price controls? Before you join that campaign, consider that it's impossible to put controls on some of those categories — and that others are already controlled.

The experts have always warned that basic farm prices cannot be held down by price controls. Richard Nixon tried it once. Desperate, in 1973, he overrode his advisers. Remember that summer? The first effect was a series of sudden shortages in the grocery stores as outraged producers held their foodstuffs off the market. Next, the Nixon administration caved in and lifted the controls from food. Then the prices shot wildly upward, going much higher than they would have gone without the controls. It was an experiment no sensible person could want to repeat.

As for medical costs, the administration is having another run this year at persuading Congress to put controls on hospital bills. Last year, Congress refused. This year the outlook is a little better only because the inflation in health care is a good deal worse.

Mortgage interest rates are set indirectly by the federal government's monetary policy. Gasoline prices are even more intractable. They rose a fat 2 percent in one month alone, from December to January. It wasn't unusual. Since mid-1978, gasoline prices have been

going up at a rate of 18 percent a year — faster than any other major item in the family budget except meat. But, unlike meat, gasoline has been continuously under price controls since 1971. Prices rise in part because of the rising costs of imported oil, in part because of rising costs in refining and handling. Gasoline illustrates the truth that, in a tight market with rapidly expanding demand, no amount of price controlling can stabilize prices.

The only way to work the inflation rate down is the way that the Carter administration has reluctantly chosen. It is not simple, it is not exciting, and it is not without substantial costs. The strategy is to keep the economy in second gear for quite a long time, growing much less rapidly than in recent years. That means somewhat higher unemployment. It means a significantly less rapid improvement in standards of living than that to which Americans have become accustomed. The nation's economic output rose 4 percent last year. The administration has now accepted the responsibility to reduce that growth rate substantially. A mild recession seems likely to begin later this year. It is not a happy prospect, but it has to be accepted as less harmful than any of the devices that might stave it off.

The political challenge is to spread the costs and burdens of the coming slowdown as widely and fairly as possible. The weight of a recession usually falls disproportionately on a small number of vulnerable people — working people who are laid off, businessmen who enterprises fail. The guidelines, to the extent they are observed, will at least mitigate these worst effects.

Reducing inflation is not an exercise in mere technical economics. The price statistics that the government publishes each month are turning into a judgment on the strength of a political system and the sense of common purpose that holds Americans together.

THE WASHINGTON POST.

International Opinion

Desire for a Federal Spain

On Thursday, the only recently enfranchised Spaniards get their first chance to pass judgment on their first elected government since Franco died. . . . The likely choice seems to be between a renewed mandate for Premier Suarez and his Center Democrats, governing alone, or a Cortes (parliament) which would make possible, or even imperative, a coalition between Mr. Suarez and Mr. Gonzalez and his Socialists. Seen from afar, and with humility, the second outcome would seem to be the better one.

For Spain at the moment has many problems, most of which can be solved more easily

if the left, as represented by Mr. Gonzalez (and perhaps even Mr. Carrillo's Communists) can become consultative members of a government whose tasks will be daunting. They would be daunting even for a settled democracy.

The first is the need to accommodate and digest without violence the strong and obvious desire for . . . a federal Spain. The Spanish nation obviously wants a federation and there is no reason why they should not have it. The violence in the Basque provinces will continue until they do; and the longer a federal proposition is delayed the more policemen will die.

— From the Guardian (London).

In the International Edition

Seventy-Five Years Ago

February 27, 1904

HEFOO, China — A naval engagement has been reported at the entrance of Port Arthur. Around midnight three Russian torpedo-boat destroyers met the Japanese fleet 20 miles off Port Arthur. The Japanese fleet approached to within eight miles from the entrance and commenced an attack, which was answered by all the Russian forts. The engagement lasted till nearly daylight. The damage to the town was serious, and the Japanese landed one shell in the anchorage for junks, blowing many of them to atoms. Two of the Japanese battleships were apparently

Fifty Years Ago

February 27, 1929

BERLIN — The Luftansa Company and the German Ministry of Transportation are planning to begin a regular transatlantic service by airship, and to construct six new Zeppelin airships. Most of the shipping companies are objecting strenuously to this proposal, and especially to the government's role in it. However one shipping firm, the Hamburg-Amerika Line, has invested \$250,000 in the new Zeppelins, apparently to make up for the purchase by a competing line of two huge passenger ships. The Reichstag is also considering the scheme.



'A Reasonable Law'

By Anthony Lewis

JOHANNESBURG — For the last four weeks, a middle-class family has been living in a tent pitched on the sidewalk. Mother, father and three daughters, 8-year-old twins and a baby, have been there through dusty heat and drenching storms.

Why? The answer says much about South Africa. It shows, I think, how a potentially great country can wound itself when its politicians are too timid or too weak to adjust ideology to common sense.

The family's problem is race. R.B. Naidoo and his wife, Dhanu, are of Indian descent. South African law — criminal law — requires them to live in an area designated for "Asians." The white government has designated such an area in Johannesburg, but it is full. When a family gets on the list, it waits three or four years for a house.

Naidoo, 37 years old, is a prosperous-looking salesman who wants to get ahead. Two years ago he bought a house in a declining white section of Johannesburg. Mayfair. He spent a lot of money to fix it up, and his family moved in.

It was not unusual for an Indian family to do that. Thousands of apartments and houses in nearby residential areas, officially white, are now empty because whites have moved to the suburbs. Landlords are eager to rent or sell to nonwhites. And for the last several years local administrators of the race laws have been quietly advising Indians and coloreds (mixed-race) to move into particular areas.

But recently the presence of nonwhites has become so obvious that officials apparently felt the ideology of apartheid, racial separation, was being embarrassed. They ordered the men who police the separate living law to begin evicting Indians and coloreds from their homes and evicting them with criminal offenses.

The Naidoo family was evicted four weeks ago by officials of the government ministry in charge of Indians. The family is now living in a tent pitched on the sidewalk outside their house. They had no place else to go, and they decided to protest by staying there and living in a tent.

After a week officials, feeling some pressure from public attention to the Naidoo family, offered them another house. It was a grave-keeper's cottage — a house without electricity near a cemetery. Naidoo said they could not move there because their religion forbade his wife to enter a cemetery. Others in the community confirmed that religious bars.

The minister of community development, Marais Steyn, denounced Naidoo for turning down the cemetery house. "When one is in trouble," he said, "one can't be choosy," Steyn added.

"Mr. Naidoo is being provocative and irresponsible. There are some people who think they are above the law — a reasonable law that determines where a man can live." There are a few words, the blindness, the arrogance, the inhumanity that afflict this country. It is "reasonable" for government to say that people of different races may not voluntarily live near each other? In the United States and elsewhere ethnic groups may resist being forced to mix. But it is a very different thing for the state to forbid associations that people actually want.

As for Naidoo putting himself "above the law," he had no part in making the law because nonwhites in South Africa — 83 percent of the

vote. The ironic thing is that he and his family desperately want to be part of the system, but senseless oppression is turning them against it.

Then there is the fact that a cabinet minister, a member of the national government in a country of 25 million people, is worried about where one family is allowed to live.

To outsiders it is lunatic. And not just outsiders. An Afrikaner, who says the Naidoo family "wound the gods would destroy them first make mad."

The striking thing about South Africa today is that more and more people regard the ideology of apartheid as irrational. To enforce it

is impossible; officials have to turn a blind eye, as they did for years to housing changes in Johannesburg. Afrikaans newspapers criticize the government for things like the Naidoo family, and one of the editors writes that in the real world "apartheid is dead and buried."

But men like Marais Steyn seem paralyzed, afraid that admitting the need for change in ideology would make their world crumble. As long as the Naidoo family lives on the sidewalk, the hope for reason in South Africa will be dim.

Oil-Price Warning

By John W. Anderson

WASHINGTON — Spot prices for oil are rising again.

There is, as usual, a chorus of official assurances that actually very little oil is ever bought at spot prices. But, as usual, a rising spot price indicates strain in the world's fuel system. It's the yellow warning light on the control panel so to speak, and it's currently flashing.

These spot prices provide an indication of the impact of the Iranian revolution on world markets and are precursors of effects that have not yet reached consumers in the industrial world.

Most crude oil — perhaps 19 barrels out of every 20 — is sold under contracts pegged to the prices set by OPEC, the Organization of Petroleum Exporting Countries. These countries provide the big buyers and sellers with continuity of flow, with the prices open to renegotiation usually every 90 days.

The spot price is the price at which the occasional shipload, or even tankful, of oil changes hands. Sometimes a trader has a little more than he needs. Sometimes a refinery comes up a little short in meeting an unusual one-time need.

A Little Slop

Normally, spot prices run below the OPEC price. Everybody in the oil industry finds it convenient to run the system with a little slop in it. Most governments like it because it dilutes the ability of their old adversaries, the oil companies, to manage markets. Most companies like it because it's generally more profitable to buy a little more than you need, and dump the excess on the spot market, than to risk shortfalls that interfere with deliveries to your regular customers.

That was why, until last fall, you kept hearing about a glut in the oil market. The system runs best with a little slack in it.

But with the Iranian revolution, the normal oil market is reversed, and now the spot market is higher — occasionally much higher — than the OPEC price. Suddenly there's less oil for sale than the industry expected. All of the big multinational companies have already announced cutbacks in deliveries to their customers for reasons that, the companies say, are beyond their control. Refiners, with commitments to meet are grabbing for the odd lots where they can find them.

The OPEC price for the standard barrel of Saudi light crude oil is currently \$13.34. Odd lots of crude have been traded in recent weeks for prices up to \$25 a barrel. That has serious political consequences. Take the example of Britain's North Sea oil. Some of the producers there routinely sell oil on the spot market. In January, the spot price for North Sea oil rose 10 percent. The British government took a handsome position.

Jan. 1 price increase was 5 percent, an increase that the industrial nations had denounced as far too high.

One of the companies joining in the North Sea price increase was the government-owned British National Oil Corporation. There you have the dilemma of the government-owned company. Should it protect consumers by keeping prices low? Or should it protect its owners, who are the same people as the consumers, by selling at the best possible advantage? BNOC chose to sell high.

The North Africans reacted with astonishment and fury. They produce the same high grades as the North Sea, and the British were selling it for more than they.

Libya has pulled some of its production off contract delivery to sell for one-third more on the spot market; it has also raised the price of the rest 5 percent, effective immediately. Algeria has warned its customers to expect a second-quarter price rise well above the previously announced OPEC schedule. Venezuela was reported yesterday planning to raise its oil prices by about 15 percent effective Thursday.

Two small Gulf producers, Abu Dhabi and Qatar, raised prices 7 percent last week. Pressure on OPEC is rapidly increasing for another worldwide jump in prices.

When the spot price rises above the OPEC price, that fact becomes an accusation that the OPEC governments are selling out to the rich and arrogant industrial nations by giving them oil at less than its true value. That accusation has an edge like a razor in the OPEC countries — most of which have only one product to sell and know they have only a limited supply of it.

Just Suppose

Suppose that you were the economic adviser to the government of an oil-exporting country. The United States wants you that any further price increases will damage economic growth in the industrial oil-importing countries and threaten the stability of the world's central currency, the U.S. dollar.

But you observe that the industrial economies are still growing, although OPEC has increased world prices sixfold over the past eight years.

You also observe that the Americans imported only 6.3 million barrels of oil a day in 1973, when it cost \$4 a barrel delivered to U.S. ports — but they are importing 9 million barrels a day now, with a landed price of nearly \$15. As an economist, you conclude that the Americans are apparently determined to keep expanding their oil consumption, regardless of their own president's remonstrances and regardless of the price.

As its economic adviser, what would you tell an OPEC govern-

David Haworth From Amsterdam:

. . . two groups of

Catholics

have been locked into what might be described as a

restless harmony. . .

[Their] dispute has been

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of the intention to reform

the nation's abortion

laws.

AMSTERDAM — The Dutch Roman Catholic Church is again experiencing one of its periodic upheavals, threatening this time to become a damaging feud between church and state. In essence, the arguments which divide the so-called progressives in the church from those more traditional believers are a dismal echo of issues which caused them to fight each other during the 1960s.

The questions include: Is birth control permissible, can homosexuals take the sacraments, is celibacy a necessary condition of priesthood? These questions were never satisfactorily resolved and during the last 15 years the two groups of Catholics have been locked into what might be described as a restless harmony, neither side conceding doctrinal points to the other.

Renewed vigor has been given the dispute because of the Christian Democratic-Liberal coalition's intention this session to reform the nation's abortion laws — that is, make abortion legal under certain specified conditions. The fact that the premier, Andries van Agt, himself a Catholic, is prepared to put his weight behind the legislation was a signal to the church's conservatives that unless they stand their ground now they are unlikely to prevail in the future.

Historically, Catholics here have always lived between the high and low tide marks of Rome's influence: their services were outlawed before 1815 and there was no bishop to the Netherlands until 1853. Moreover, it was extremely difficult for any Catholic to hold public office until after World War II and they frequently still run up against a subterranean prejudice. It is for this reason that so many Dutch institutions, clubs and trade unions (even the sheep farmers' organization) are duplicated — one Catholic, the other Protestant. This city has never had a Catholic mayor.

Glacially Slow

While the social emancipation of Catholics was glacially slow, World War II and a necessary for Catholics and Dutch Reform Church members to work together in the Resistance, forced a crude ecumenical movement. This inspiration survives but it encouraged some Catholics to start an emancipation movement against their bishops and, as they saw it, the official interest by church authorities in pastoral ethics. Today these people — and their children — are the progressives who see no reason why they should not take part in other Christian services, among other things. Whatever the rights or wrongs of their case or, indeed, that of their conservative brethren, there is no doubt their arguing has seriously damaged the church. Twelve years ago some 66 percent of all Dutch Catholics attended weekly Mass; only 32 percent do so now.

In part, this falling off is also the result of the different speeds of religious and secular life and although the nation's moral climate is not dictated by the capital, some Amsterdam attitudes are a constant and increasing challenge to the doctrinally orthodox. For them, in particular for the Bishop of Roermond, Mgr. Jan Ojien, abortion law reform proposals are the last straw. This bishop has publicly threatened to refuse communion to any Roman Catholic parliamentarian who supports the legislation, and in an interview said: "I believe that this issue is not only a government crisis, but in this instance a government crisis is necessary."

What was seen as direct church interference with politics drew sharp rebukes from many politicians. Premier van Agt commented it was "baleful" that Bishop Ojien should seek to engage in politics, adding: "The bishop fails to distinguish between what is acceptable and what is impermissible in one's personal life and, on the other hand, what has to be laid down by law in a country which has so many different points of view about life."

Why not judge a work on its merit rather than conduct psychiatric picture analysis?

IRENE ROTHENBERG.

Zurich.

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A Special Report

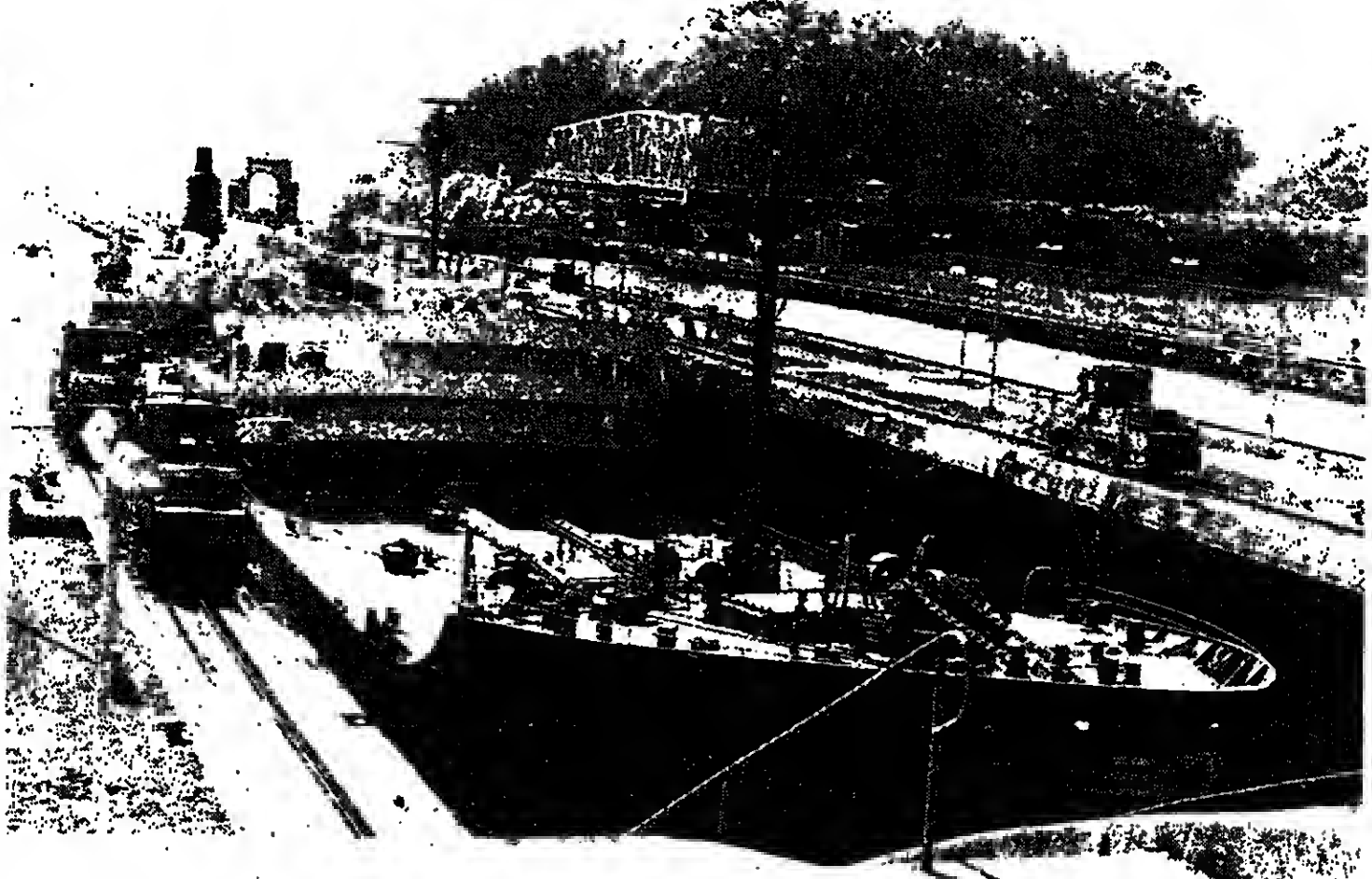
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Panama — 1979

Paving the Way to Implement Canal Treaties

Uncertainties Growing Over U.S. Approval

By Sally Hodgson



A tanker begins transit of the Miraflores locks on the Pacific side of the canal.

Economy

Long-Awaited Takeoff Hinges on Local Talents

PANAMA CITY (IHT) — Panama is, for the moment, faced with a virtually stagnant economy, with labor unrest and lingering uncertainty over the Canal treaties. But fiscal experts are predicting that the near future may yet trigger a long-awaited economic takeoff. Panama can effectively demonstrate to the world that it can run normal operations as the United States does. Should it be unable to, analysts then uncertainty will be prolonged as the economy slides deeper into the hole, perhaps to the serious detriment of political stability and current projects for a democratic "aperture."

During the years of debate and demonstrations over the fate of the waterway, rich Panamanians and foreign investors were reluctant to put cash into the country, and many even took it out. Their predictions were that, if the treaties were not approved, Panama would surely be in turmoil. They also predicted that, if the treaties passed, then investment in the economy would surge.

The treaties did pass last year, but the economy did not stir that much. One analyst said the effect the treaties would not be felt until 1980, if at all.

Yet, investors are already treating the turnover of the U.S.-run Canal Zone to Panama as a potential economic bonanza, akin to an "A-Strike."

After all, a valuable piece of real estate with nicely built homes, manicured lawns and important facilities such as ports, dry docks and a railroad will pass to Panama. Most important, Panama will receive millions of dollars more from Canal toll revenues after Oct. 1.

the East Coast of the United States. The higher payment to Panama means the canal tolls will have to rise, for only the second time since it opened in 1914. It charged \$1.20 a ton then, and in 1974 the charge went up to \$1.29 compared to the more than \$2 a ton charged by the Suez Canal. Experts believe that tolls will probably rise by 19 percent after the treaties go into effect in October, causing a possible drop in business.

The United States, trying to keep its hand in the area, has promised Panama hundreds of millions of additional dollars in loans and military aid over five years following ratification.

One of Panama's main gripes was that a potentially profitable market in the Zone, the shopping by U.S. inhabitants, was wrested away because the U.S. government set up subsidized commissaries in the Zone. Thus the Americans, who could have shopped in Panama, had no incentive to leave the Zone. After Oct. 1, the workers will have a 5-year grace period during which they will still be able to shop in commissaries of the U.S. military bases that will remain.

After five years the Americans will then be forced to live within the Panamanian economy.

Besides the canal, there are some other development possibilities. In 1973, the government announced that economic salvation was in the growing of more sugar. At that time world sugar prices were high, but they have since fallen. The Cerro Colorado copper deposit near the northern Costa Rican border is thought to be among the world's largest. Bananas are the country's highest exports, accounting for about \$80 million a year. The government has set up an official banana export company in direct competition with the U.S.-owned United Brands multinational concern.

Even so, Seymour Milstein, president of United Brands, told a U.S. news service last year that the company plans to spend \$6 million in Panama to expand its subsidiary here. "Gen. Torrijos gave me strong assurances of the future of private investment in Panama," Mr. Milstein said. "And he indicated the government would take steps to encourage new investment."

Shrimp is already a booming (Continued on Page 11S)

With Waterway Issue Over, Internal Strife Looms

PANAMA CITY (IHT) — The fight for the Panama Canal treaties that go into effect this year served as the glue that held disparate national forces together behind Panama's strongman Gen. Omar Torrijos.

With the treaties out of the way, that appearance of national unity is coming undone.

"The treaty question provided the cohesion for the government between the left wing and more conservative elements," observed a political analyst in Panama. "Now, the left, including the Marxists, can be expected to agitate for a social definition of the Torrijos revolution of 1968 which may bring tensions within this government coalition."

After the treaties were ratified last year, the opposition here united for the first time in nine years against Gen. Torrijos, calling for his ouster and demanding that the treaties be renegotiated because they would damage the national interest since they allowed U.S. military intervention in the future to keep the canal open.

The leftist students at one point reached a pinnacle of political importance.

Now, however, the opposition unity has crumbled, apparently because Gen. Torrijos continued in firm control, even after stepping down as chief of government last Oct. 11, the 10th anniversary of the coup that brought him to power.

The students have been relegated to second place, and now they admit their influence has waned.

However, one issue remains that could bring the opposition together again: economic trouble. Ignored for years because of the concentration of national efforts on the treaties, the economy remains stagnant; and this issue is expected to be exploited by Gen. Torrijos' opposition.

No one rules out the possibility that, some time in the future, the opposition could be a real threat to the system. But at present, Gen. Torrijos' decision for a democratic "aperture," apparently in answer to U.S. pressures for liberalization, may continue to preclude a rallying point for a united opposition.

The opposition also concedes it has virtually no chance to bring Gen. Torrijos down as long as the 10,000-man National Guard, Panama's only military force, remains loyal.

So far, there have been no major

movement. So far it has not materialized, even if Mr. Arias' party, the Panamenista, the largest opposition party in Panama, is pushing ahead with efforts to consolidate the opposition.

In mid-1978, the aging but still charismatic three-time former president, Arnulfo Arias, the man overthrown in the 1968 coup, returned from 10 years of exile in Miami. He drew a crowd rivaling the one that turned out a week after his return for the visit of President Carter and five other Hemisphere heads of state for the signing of the treaties. Then, everyone thought that Mr. Arias could be the catalyst needed to spark the "dump Torrijos"

over signs of guard division, although shortly after Gen. Torrijos stepped down from the presidency, it was disclosed that the guard's No. 2 man, Col. Rodrigo Garcia, was removed. Sources said Col. Garcia's removal was the result of a power play against Gen. Torrijos.

During the treaty debate in Washington, conservative opponents charged that turning over the waterway to the Panamanian government would be a proxy turnover to the Soviet Union and Cuba, Gen. Torrijos, they contended, runs a Marxist dictatorship.

That, say analysts here, is a misrepresentation of reality. In fact, they say, Panama has one of the

(Continued on Page 10S)

over signs of guard division, although shortly after Gen. Torrijos stepped down from the presidency, it was disclosed that the guard's No. 2 man, Col. Rodrigo Garcia, was removed. Sources said Col. Garcia's removal was the result of a power play against Gen. Torrijos.

Many feared that an exodus of U.S. workers would begin after the ratification. That exodus has not materialized. According to official Canal figures, only 362 workers quit last year, 20 more than in 1977.

Nonetheless, more workers are expected to leave before Oct. 1 because they do not care to live under Panamanian laws. Until now, U.S. laws have ruled over the 533-square-mile Canal Zone surrounding the 51-mile-long canal.

At the same time, about 4,000 workers will lose their jobs as Panama takes over because the facilities they run — commissaries, cafeterias, the ports, railroad and dry docks — will be phased out after Oct. 1.

It is expected that Panama will want to hire some of these workers to keep the facilities operating. Panamanian officials say they do not want an exodus because they realize there might be disruptions to the Canal.

Congressional hearings were expected to begin in Washington late this month to begin the preparatory work for the legislation. Then it goes to committees until April or May when the debate is expected to begin.

Ambassador Moss said he expects the legislation to be ready in June.

James O'Donnell, president of the American Federation of Government Employees, Local 14, who has emerged as the No. 1 labor spokesman in the Zone, is not so confident.

"This legislation is the gasoline for the car," he asserts. "If they don't give us the gas how can we run the car?"

Mr. Moss takes a more moderate view but admits that some disruptions are possible.

"In reality, the treaties will come into effect on Oct. 1 whether legislation is passed or not. It is necessary, however, to pass implementing legislation in order that we fulfill our international obligations. If it is delayed, the United States then will be in the sort of embarrassing position of the person who has acknowledged that he has a debt, but won't pay it. In other words, the obligation to pay will begin to accumulate."

(Continued on Page 8S)

Departures

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(Continued on Page 8S)

Liberal Laws Create a Haven for Offshore Banking

"Panama is one of the few spots of the world where the banks have access to that great, massive pool of dollars that moves the world's economy."

PANAMA CITY (IHT) — Panama is a tiny nation of only 1.8 million inhabitants, yet it has enough banks to satisfy the needs of New York City.

In late 1978, there were 81 major banks in Panama, but at least four more have registered in 1979, and there are 30 other applications awaiting government approval. According to unofficial figures, banking assets here have grown from \$1.9 billion in 1972 to more than \$10 billion last year. By 1990, predicted one analyst, there might be nearly 200 banks here, and current assets could be doubled, harking any cataclysmic change in political conditions or world financial troubles.

"Panama is one of the few spots of the world where the banks have access to that great, massive pool of dollars that moves the world's economy," said an American banker. "It is up there with Hong Kong, Singapore, London."

Why have the banks flocked to Panama? Analysts reason that, despite an international image of Third World rhetoric, internally the government pursues policies that favor the private sector.

Panama is one of the few countries in the world that does not restrict banking activities. A 1970 law did away with restrictions placed on national and foreign banks.

"There is no exchange control," according to a private report by the Price Waterhouse analysis institution in an information guide on Panama. "The transfer of funds has never been blocked. There is no tax of any kind on the transfer of funds into or out of the country except a

withholding tax on dividends paid out of profits earned within Panama. No controls exist over importation or repatriation of capital and retained earnings."

The law provides for three types of licenses: a general license, for banks with more than \$1 million capital, which can operate locally and abroad; an international license allowing only offshore operations, requiring \$250,000 capital, and a representative license allowing any bank to open a liaison office.

"These are guys who just open up an office to let other banks know they are here and to make contacts for large loans with their home offices," a diplomat said. "Also," he added, "these are the guys who are at the airport to greet the arriving executives fleeing from the unpleasant places."

Its strategic Latin American location is cited as another reason for Panama's attraction. "The place is convenient for attracting the great borrowing Latin market," another foreign banker asserted. "You have all these Spanish-speaking bankers who would rather come here than go all the way to the United States to get a loan package. Also, these big home offices and consorts in America or Europe are

perhaps just too big for the smaller needs of some Latin companies or countries."

In fact, while major U.S. and European banks handle most of the large loans, there is a growing number of medium-sized Third World banks that deal with medium-sized projects of medium-sized nations, especially in the surrounding Central American area.

Fleeing Millionaires

At the same time, some of the banks are here to capture the spill of money from millionaires fleeing from terrorist-plagued places in South America. One analyst said that some of the banks are preparing for a possible onslaught of executives, millionaires and companies moving out of turmoil-ridden Nicaragua and El Salvador.

"Panama is quickly becoming a sound, stable, peaceful oasis in the turmoil of Central America," said a Western diplomat.

Another major attraction for the banks is the fact that, much to the chagrin of Panamanian pride, the nation's sole currency is the dollar, although it is euphemistically called the Balboa. Panama prints no bills, but mints coins that are the same size as American coins.

"Given the free entry and exit of dollar funds, some experts foresee a Latin dollar market centered on Panama with as much potential for investment use as the already existing Euro and Asian dollar markets," read a commentary in the July 1978 issue of Overseas Business Reports published by the U.S. Department of Commerce.

Still another asset here is the good communications. Arthur J. Massola, vice president and area head for Latin America of the First National Bank of Chicago, said in 1977, when no direct dialing was yet in effect, that "the communications are excellent."

Since then, the state-owned Inel telephone company installed a direct dial service between the banks and their headquarters in the United States, well before the service will be extended to the rest of the public.

The situation has brought about an increase in foreign exchange dealings, leading to the creation of the first foreign exchange dealers club in Latin America. It has 23 members, one of whom recently remarked that colleagues he used to meet in Hong Kong or Singapore were now turning up in Panama.

Five major foreign banks here supply 85 percent of local investors' needs, while the government also takes out loans, even if they have to be negotiated and authorized by the home offices abroad. In 1972, local loans exceeded foreign loans, but now, almost 90 percent of loans are for clients abroad such as companies or governments in other countries. One of the largest borrowers, according to banking sources, is Brazil.

Local Needs

But despite the great interest in foreign dealings, banks here are not entirely oblivious to local needs. Many of the large U.S. banks do offer local services such as loans, checking and savings accounts, and some have opened offices in interior cities.

Leading U.S. banks, conspicuously visible in the hinterland, realize that the local market, despite a lingering economic stagnation, has been profitable, nonetheless. And they think it will get even better once the treaties go into effect. They expect a boom within the next five years from an anticipated construction spree in the Canal Zone once it becomes Panamanian. They also expect an expansion into

the zone of the Colon Free Zone, a complex of warehouses in the city of Colon, 50 miles from Panama on the Atlantic coast, where foreign companies keep stock on display for wholesale business anywhere in the world, principally Latin America.

The banks also expect the government to promote parts of the zone as possible sites for light industry along the lines of Mexico's in-bond border complexes. A large percentage of loans from the banks in Panama goes to companies in the free zone.

Rents

"Everyone is getting ready for this boom," said an American banker. "Banks and companies are sending executives down here like crazy."

The banks in Panama employ about 7,000 Panamanians and handle most of the accounts of the more than 600 foreign companies in Panama, including those in the Free Zone.

Bankers do not predict any change in the exceedingly beneficial banking laws under the current government.

"We clearly understand the risks involved in private investment and the necessity of profits as a reward," said President Aristides Royo, in a New Year's message two months after taking office. "I firmly believe in private investment."

However, he added that it had to be in "perfect compatibility with government investment."

Yet, some business circles have

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The banks in Panama employ about 7,000 Panamanians and handle most of the accounts of the more than 600 foreign companies in Panama, including those in the Free Zone.

Bankers do not predict any change in the exceedingly beneficial banking laws under the current government.

"We clearly understand the risks involved in private investment and the necessity of profits as a reward," said President Aristides Royo, in a New Year's message two months after taking office. "I firmly believe in private investment."

However, he added that it had to be in "perfect compatibility with government investment."

Yet, some business circles have

(Continued on Page 11S)



Major Political Change Must Wait for Treaty Day

By Sally Hodgson

PANAMA CITY (IHT) — As Panama heads into a new era, some changes are being made within the nation's political structure, presumably the result of American pressures for more democratic ways in a small nation where the military has long been the major political force.

On Oct. 11, 1978, Gen. Omar Torrijos' six-year term as chief of government ended and he stepped down officially from that post, announcing a "withdrawal to the barracks."

Declining the presidency for himself, he appointed a successor — a civilian lawyer, Aristides Royo, a former treaty negotiator and education minister. Mr. Royo, 38, became president for a six-year term ending in 1984 when the first direct election of a president is contemplated.

Under Gen. Torrijos' rule there was a figurehead president, a Panamanian of Greek ancestry named Demetrio Lakas.

Since Mr. Royo was "elected" by the 505-member National Assembly last Oct. 11, he has gained an image of independence from Gen. Torrijos.

The reasons for Gen. Torrijos' effective disappearance from the national power scene are varied. But most agree that after his treaty victory, he felt it was time to step down from public view to avoid hurting his glowing reputation.

Also, and apparently more significantly, he presumably sensed that economic problems, long ignored during the fight for the treaty, would catch up; and he thus preferred to step aside to let someone else, perhaps more knowledgeable, handle them.

At the same time, during debate on the treaty for the Canal in the U.S. Senate last year, demands arose for democratization in Panama. The feeling among some legislators was that Panama should commit itself to democratic ways if it were to handle Canal operations responsibly.

The idea was, some said, that Washington should turn over the Canal to a democracy in the making and not to a "timid dictator-ship," as some conservative U.S. congressmen derisively referred to Panama.

However, even if Panama seems to be heading toward democracy, critics still believe that Gen. Torrijos is running the show and that

Mr. Royo is only a puppet, as Mr. Lakas was. They say it is only a facade designed to make the United States believe that democracy is here to stay.

"Torrijos is stepping back but is not letting go," one Western diplomat based here said, adding that "Royo will be capable of handling himself, and I don't think Torrijos will have to step in, unless Royo really messes things up."

Mr. Royo is seen as a tough-minded technocrat who will ease the transition of the Canal Zone from U.S. to Panamanian rule.

Mr. Royo arrived in his administration with an image of a leftist who wanted deep social change, thus sparking fears in conservative political and business circles that the treaties could be jeopardized. But after four months on the job, Mr. Royo has dispelled the fears.

The leftists themselves believe Mr. Royo is allied to capitalism.

However, critics have accused him of having leftist friends in the government and they also accuse him of sponsoring anti-U.S. student groups.

In interviews and speeches before taking office, Mr. Royo attempted to knock down the rumors of his leftist influence.

"I have never had any radical

tendencies," he told the pro-government newspaper *Crítica* one week before his election. "My main asset is being honest. Our revolutionary process is not a socialist one. I seek under my government a workers-government-private enterprise alliance."

In his inauguration speech, Mr. Royo announced a "nationwide attack on poverty, hunger and ignorance" and promised to develop a

climate favorable for foreign investment. However, he added, "My main goal continues to be distribution of wealth, even if I am not an enemy of wealth but an enemy of poverty."

Since stepping down, Gen. Torrijos has declined interviews and has not made any major public appearances, in sharp contrast with the past when he used to tour the country, chomping a cigar and mixing with the people.

However, diplomats believe that as commander of the 10,000-man National Guard, Gen. Torrijos continues to be a kingmaker behind the scenes. In fact, they say that he has left the day-to-day business of running the government to Mr. Royo while reserving to himself a broader role of shaper of foreign policy.

Nonetheless, analysts believe that Gen. Torrijos has effectively set in motion a democratic "aperture," of sorts, which may gain momentum, thereby giving rise to new parties, political activism, labor unrest and either democratic stability or a destabilization of the process.

To avert this last scenario, the government created a party of its own, called the Democratic Revolutionary Party (PRD). Some say it is trying to become a kind of Mexican Institutional Revolutionary Party to preserve the Torrijos system forever.

Official Opposition

Some government dissidents have created, apparently with the blessing of Gen. Torrijos, an "opposition" official group called the Broad Popular Front (FRAMP). Meanwhile, the traditional parties, such as the Panamanista and the Liberals, seem undecided about the future over whether to join the government in the "aperture."

Registration of parties begins later this year in anticipation of congressional elections in 1980 and the presidential vote in 1984 when Panama supposedly will finally become a democracy.

However, all agree that any major political change or economic advancement will have to wait until after Oct. 1 — until after Panama shows the world it can run the Zone as well as or better than the United States.

Uncertainty Lingers Over U.S. Approval

(Continued from Page 75)

crue as of the first of October and the United States simply would not be able to pay that money over until implementing legislation passes.

Mr. Moss also indicated concern over a kind of counterlegislation bill presented by Rep. John Murphy, the conservative New York Democrat who seeks to change the administration's plan for the body that will run the Canal.

Under the treaties, the Panama Canal Company, the U.S. government agency that has run the Canal since its inception, will disappear on Oct. 1. It will be replaced by a binational canal commission, which will remain in effective U.S. control, with five U.S. board members, including the chairman, and four Panamanian members.

The U.S. government wants the commission to remain as independent as the company was, in order to keep the Canal running efficiently.

This means giving the commission the same leeway with its finances as the company had. Until now the company has been able to make financial decisions on its own, like any corporation.

However, Rep. Murphy seeks closer Congressional scrutiny of the budgets and complete control of its finances. Officials are concerned that this might delay the legislation and also violate understandings with Panama.

Also, Rep. Murphy wants the Congress to appoint four of the five U.S. board members. At present the plan is for the U.S. president to appoint all five.

One technical area of concern could mean the difference between whether the Canal remains open or shuts down, officials say.

That is the Balboa Shipyard, a ship repair yard and dry dock near the Pacific entry to the canal, one

of the first facilities to be turned over.

To a significant extent the Balboa yard makes it possible for the canal to remain open day and night, every day of the year. Each year, at least four of the 88 massive steel gates that open and close the locks lifting ships from the oceans across the Continental Divide are floated down the canal to the dry dock for extensive repair. It takes about three months of the year for the gate repairs.

A Day in the Canal Zone

BALBOA, Canal Zone (IHT) — The Canal Zone, a country within a country, is a network of communities as North American as anything in the United States. It is as if by magic, a neat, orderly U.S. suburb was somehow misplaced in a hot, humid, bustling Latin land.

The Zone is self-contained. On a typical day, a Zonian will wake up in one of the myriad of quonset-style apartment houses in the Zone to the tempo of rock music broadcasts by the military-run radio network, a good imitation of American stations back on the U.S. mainland.

Then he will breakfast on food purchased at the local commissaries, board his American-built car and drive to work. During the lunch break, if he does not want to go home, he will eat — very likely hamburger, meatloaf or steak — at one of the cafeterias in the Zone.

In the evening, if he is tired of U.S. soap operas and news on the military-run television, he can dine or drink in a variety of American, Chinese and Mexican restaurants.

Some Zonians do not speak Spanish, and a few have only visited Panama a few times.

To nationalistic Panamanians and their brothers in other Latin nations, "La Zona" has always been a prime living example of U.S. imperialism and colonialism, and the separate privileges allocated to Zonians, one of the reasons for the resentment that led to the Canal treaties.

To calm the fears of the Zonians, who worry that their manicured lawns will grow weeds and their streets no longer be safe when the Zone becomes a part of Panama on Oct. 1, U.S. police and courts will remain for 30 months, and military bases will remain open to civilian Zonians for five years.

—S.H.

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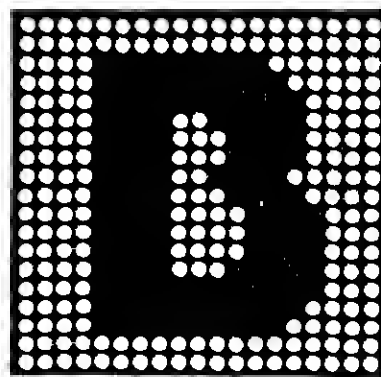
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Foreign Policy Linked to Third World

PANAMA CITY (IHT) — The Canal treaties ratified last year between Washington and Panama have been gradually giving way to developments in Nicaragua as Panama's chief foreign policy concern.

The accord, assuring this nation 1.8 million people control of the waterway by the year 2000, has ended the government of Gen. Torrijos to strike out on its own in the international arena.

Observers say that the general, running for a new issue comparable to the treaties, has decided to cause Third World causes — and removal of the embattled Gen. Somoza and an end to dictatorship in Nicaragua apparently is a good starting point. Yet, Panama's stand on Nicaragua could have an adverse effect on implementation of the Canal treaties and could also bring about internal disputes. At the same time, it could also worsen tensions in Central America, which already threaten regional armed conflict in the future should the Nicaraguan situation remain unresolved much longer.

On other foreign policy matters, Panama would seem to be moving toward a more radical Third World and Western diplomats, however, believe the country is actually taking a moderate course, to avoid jeopardizing its new-found partnership with Washington.

Some could believe that Panama's foreign policy is as internationally relevant as that of a speck of land in the South Pacific. But the truth of the matter is that the direction of Panama's foreign course is important because of its strategic relationship to the Canal, adequately named "the funnel for world commerce."

Also, Panama has become a major world banking center and an air travel crossroads.

Veiled Backing

During the Nicaraguan revolt last September, Panama sided with Venezuela in supporting the anti-Somoza forces, including veiled backing for the Sandinista National Liberation Front (FSLN) guerrillas' fighting to overthrow Gen. Somoza. It was to Panama that the Sandinistas, led by the noted Comandante Zero, came after the siege of the National Palace in Managua last summer. Gen. Somoza has repeatedly accused Gen. Torrijos of covertly supplying the Sandinista guerrillas with weapons.

Some conservative U.S. congressmen who oppose the Canal treaties and support Gen. Somoza say they will try to link Nicaragua and implementing legislation in an effort to show that Panama is not a responsible country to turn over the Canal to because it is supporting extremist guerrilla movements.

U.S. officials say in private that they are concerned with Panama's involvement in the Nicaraguan question. But they also have noted that there is no concrete evidence that Panama has supplied the guerrillas with anything but moral support.

It is understood, however, according to an article in The Washington Post, that last September U.S. officials in Panama literally had to restrain Gen. Torrijos from sending troops to Nicaragua to help the rebels.

Also, it is believed that the officials warned Gen. Torrijos that any deeper involvement in Nicaragua could jeopardize the implementing legislation, essential to make the treaties work smoothly. If Gen. Torrijos is worried about Washington's warnings, he has not reversed his policy. Although Gen. Torrijos has stepped down as Panama's chief of government, he continues to be commander of the 10,000-man national guard, the nation's only military force. And Western diplomats say he has reserved for himself the role of conductor of Panama's foreign policy, leaving day-to-day affairs to President Aristides Royo.

Joint Maneuvers

Last January, Gen. Torrijos traveled to Caracas where he met with Venezuelan President Carlos Andres Perez, the chief backer of the Latin American anti-Somoza cause. Upon his return to Panama, Gen. Torrijos announced that 2,000 Panamanian and Venezuelan troops would conduct joint maneuvers on Panamanian soil this year.

Western analysts immediately reached the conclusion that Panama and Venezuela were embarking on a direct campaign of intimidation against Nicaragua. "Torrijos appears to be interested in becoming the Latin hero of the fight to oust Somoza," said one diplomat. "Maybe to him, the Nicaraguan affair appears to be another Panama Canal debate."

Panamanian officials believe solidarity with the Nicaraguan cause is important because it is presumably justified. Yet, to Panamanian

leftists, Gen. Torrijos' interest looks painfully ironic.

To them, Gen. Torrijos is as much a dictator as is Gen. Somoza, having come to power in a military coup in 1968 that overthrew a constitutional president.

Another basic concern is the future of neighboring Costa Rica, a nation without a standing army. It has become deeply embroiled in the Nicaraguan conflict because of Nicaraguan charges that it harbors Sandinista guerrilla bases from which border raids are launched daily. Gen. Somoza has threatened to unleash military retaliatory strikes into Costa Rica, and this, presumably, has incensed Gen. Torrijos and President Perez who see themselves as the protectors of tiny Costa Rica.

During the treaty fight, U.S. conservatives strove to give Panama the image of a Marxist state in the making. In fact, formal relationships between Panama and the Communist bloc countries of Eastern Europe, Asia and Cuba are less extensive than those of many other hemisphere countries.

There are no diplomatic relations with the Soviet Union, although rumors have circulated in local diplomatic circles in recent weeks that links are about to be established.

A Soviet trade delegation visited Panama in July 1977, and at the conclusion of the visit, a joint statement noted that representatives of the two countries discussed the possibility of establishing and developing trade and economic relations.

Panama's most extensive ties to any Communist country are with Cuba. They followed the mid-1970s trend in Latin America to restore relations with Cuba after a blockade of the island for years by Hemisphere nations. Panama established relations with Cuba in 1974, and Gen. Torrijos visited Cuba in 1976, pointing out, however, that the Cuban way was not the Panamanian way. The Cuban Embassy in Panama City — with about 15 officers plus numerous other support personnel — is second only to the U.S. Embassy in size.

There is a weekly Cuban Airlines flight between Havana and Panama City. Prensa Latina, the Cuban news agency, has offices in Panama, as does Cuban Airlines. But they also maintain offices in other Latin nations. There have been rumors of Cuban troops in Panama, but intelligence investigations have found no substance to the reports. It has been established that there

are about 50 Cuban advisers in the country, mainly involved in technical and agricultural activities.

Last July, Panama produced the guidelines for its future foreign policy in a 14-page document that produced some shockwaves in Washington. One of its points called on Washington to give up its base at Guantanamo in Cuba. Panama analysts explained that the U.S. presence in Guantanamo is viewed here in the same context as in the Canal Zone. In the document there was also implicit criticism of the Cuban role in Africa. Panama also advocated the exercise of "free determination" by the people of Puerto Rico.

On the Middle East, Panama said it believed the conflict "should be solved within the framework of the United Nations" and that the opposing parties should "conform to the resolutions of the General Assembly and the Security Council." Panama also called for the withdrawal of Israel from all occupied Arab territories, respect for the "inalienable" rights of the Palestinians and the right of Israel and of the "states and peoples" of the area to live in peace within specific and secure borders.

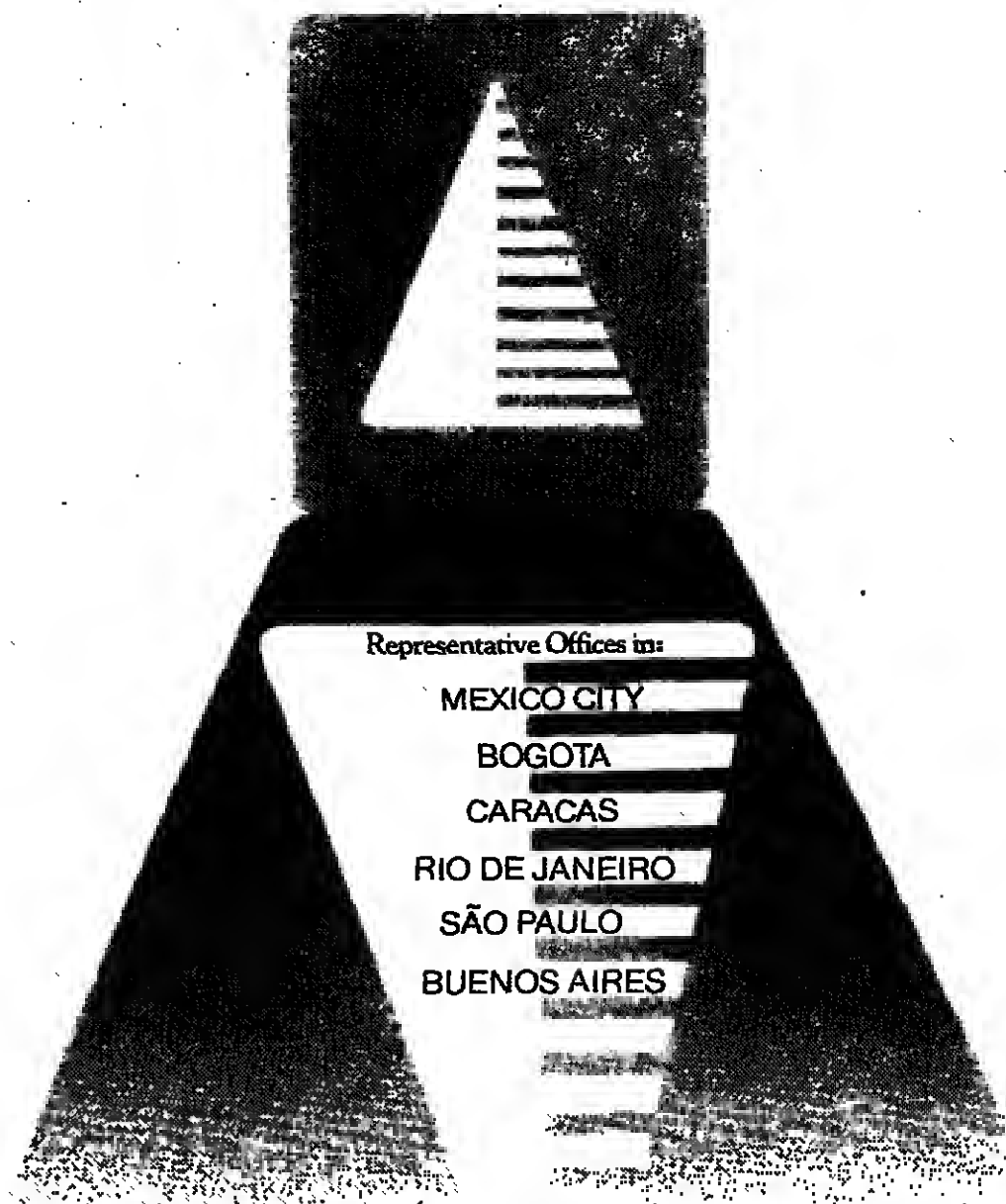
On a matter closer to home, Panama reaffirmed its support for "the independence and territorial integrity of Belize," the British colony in Central America claimed by Guatemala. That stand cost Panama its relations with Guatemala three years ago.

Despite its support for Belize independence, Panama advocated Argentine sovereignty over the Falkland Islands, another British territory, in the South Atlantic off the Argentinean coast. It also backed Bolivia's claim to part of Chilean territory for an outlet to the sea.

Some analysts see all these grandiose foreign policy goals as consistent with Gen. Torrijos' campaign to become a Third World leader, capitalizing on his reputation obtained in the "Great Canal Struggle."

In April, Panama's new president, Mr. Royo, is scheduled to take his first foreign trip as president, visiting four major Western European nations — France, Britain, Italy and Spain, apparently seeking European technology for the Canal Zone after the United States pulls out.

—S.H.



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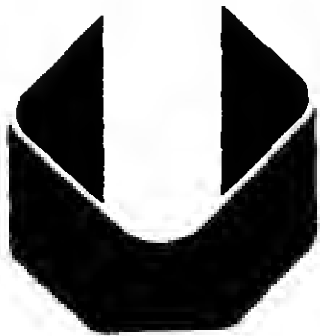
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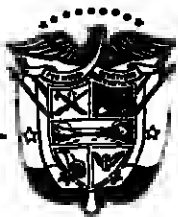
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Colon Free Zone — a Symbol of Industrialization

COLON, Panama (IHT) — The Colon Free Zone, a 100-acre complex of hangar-like structures where about 600 of the world's leading companies have set up warehouses and minor assembling and repackaging operations, is the highest free trading zone in the Western Hemisphere and one of the largest in the world.

It is a symbol of Panama's gradual industrialization and encouragement of foreign investment.

The zone's trade last year hit a record \$1.2 billion, twice the annual volume of trade of the entire Central American common market. The amount is also half of the Panamanian gross domestic product, and service industries in the zone provide employment for thousands of Panamanians.

Located on a small peninsula on the Atlantic entrance to the Panama Canal, the 30-year-old Free Zone provides companies with a haven free of taxes, customs and consular fees in which to unload, repack and store merchandise for quick re-export. One trader describes it as a "regional warehouse of vast proportions used for the convenience of the world's trading companies." Many of the world's biggest corporations have set up regional distribution headquarters

here — attracted by the shipping opportunities of the canal, as well as Panama's status as a major air travel and Latin American banking center.

According to Free Zone legislation, first drawn up in 1948, companies can contract with the Panamanian government to build warehouses in the zone. Most firms, however, lease buildings or parts of warehouses — at monthly rates of about \$3 per 40 cubic feet — for periods of up to 20 years, with options to renew. Goods arrive by ships that dock at the adjoining American city of Cristobal in the U.S.-ruled Canal Zone, and leave by air from Tocumen Airport in Panama City.

The main exporters to the zone are Japan, the United States, Taiwan and Britain. The main buyers are Brazil, Venezuela, Ecuador, Aruba, Colombia and Mexico. Many of the trading companies, especially those dealing in electronic components, cameras, watches, perfumes and recording equipment, sell to the main free-port areas of Latin America: San Andres Island, Manaus in Brazil, Aruba, Curacao and Panama City.

Space limitation on the peninsula has been one of the Free Zone's major drawbacks.

Space limitation on the peninsula is proving to be one of the Colon Free Zone's major drawbacks.

In 1975, Panama and the United States signed an agreement that allowed the Free Zone to set aside 125 acres for warehouses on an abandoned airfield in the Canal Zone. When the Canal treaties go into effect Oct. 1, it is certain that Panama will further expand the Free Zone into the Canal Zone.

There are also plans to encourage the establishment of an in-bond industry haven similar to low-cost labor zones such as Mexico's border area, Haiti and the Dominican Republic.

In addition, Panamanians reportedly want to attract major international companies to the expanded Free Zone to set up facilities for electronics, clothing, toys, small tools and medical products.

With unemployment in Colon unofficially estimated at 30 to 40 percent in a population of 45,000, the government finds the possibility of new jobs opening up with these facilities appealing. Thus, it gives companies incentives to establish in the zone, offering them a 90-percent tax rebate on profits from sales abroad.

Free Zone companies that do business in Panama pay the regular Panamanian tax on internal sales, which ranges from 5 percent on revenues of up to \$5,000 to 45 percent on sales of up to \$500,000.

There is a sliding scale for the tax on sales abroad from 2.5 to 8.5 percent on taxable income from \$1 to \$100,000, and a fixed 8.5 percent tax on profits above \$100,000. Thus if a company earned \$500,000 it

would pay almost \$43,000 in taxes. Although no retail sales are allowed in the Free Zone, there have been widespread reports of large amounts of cameras, watches and electronic equipment slipping through the guards and sold in the tax-free retail stores of Panama City. Similar contraband in bulk, truckloads and shiploads, also has been reported.

Foreign Investment

While service has been the main industry in Panama since the 1960s, Panama City has also become the headquarters for regional divisions of major foreign companies drawn by incentives for foreign investment and the absence of fund transfer limits. More foreign companies are expected to set up headquarters here because of political conditions in Nicaragua, El Salvador and South America.

Foreign oil companies import crude oil, refine it here and then export it, mainly to Central America. Cars, tires, farm machinery and heavy equipment are imported and, Panama's former government head, Gen. Omar Torrijos, recently traveled to Japan to persuade the Japanese to establish an auto assembly plant.

Panamanian companies supply canned goods, batteries, food, beer, soft drinks and other consumer products.

"Early in the Torrijos administration this government thought, mainly out of national pride, that it could operate through a policy of import substitution. That is the reason why canning and battery industries were set up," explained a Western financial analyst. "But it didn't work quite well. In fact, I think Panama has made up its mind and is mainly interested now in a policy to attract any industry that is interested in exports, even if little of its production goes to the local market."

One reason the local production is of little importance is the country's population of only 1.8 million persons. The relatively small market offers little incentive to major industries. It is certain, however, that the government is serious about continuing its drive toward industrialization.

Mine Project

One way is through a project that has been on the drawing boards for years — development of one of the world's biggest copper mines, Cerro Colorado, near the Costa Rican border. In mid-February, Panamanian President Aristides Royo and his cabinet met in the area and decided that on March 5 the government will decide whether to develop the mine under current specifications.

These call for Panama to obtain a \$1.2-billion loan from the Canadian government for development of the mine and construction of mining facilities. According to the plan, the U.S.-owned Texas Gulf Corp. would then run the operation under Panamanian consent and hold up to 20 percent of the shares while Panama holds the rest.

Jaime Roquebert, technical engineer in charge of Cerro Colorado,

said construction of the complex, expected to employ more than 7,000 workers, would take up to five years after the plan is approved.

A project already under way is a \$60-million crude oil transshipment terminal being built at Punta Armuelles, more than 100 miles from Panama City on the Pacific coast, deep in Panama's banana region.

The terminal is for the transfer of oil from supertankers coming from Alaskan oilfields to medium-sized tankers headed for the U.S. East Coast. The transfer is necessary because the supertankers are too large to use the Panama Canal. At present, the transfer is made at sea, with a risk of oil spill.

The terminal is expected to be ready before the end of the year, with a capability of handling an average 40 ships a month.

In a recent campaign to improve U.S. relations with Panama, U.S. Ambassador Ambler Moss noted other industrial projects planned for the Canal Zone where Panama gains control of it after Oct. 1.

Development of a large container port at Coco Solo on the Atlantic side of the isthmus complement the currently requested general cargo port at Cristobal.

Commercialization of the docks, shipyards and bunkering facilities, at present used only by the U.S. government for ships traversing the canal.

Expansion of the Panama Railroad, the shortest international railroad in the world, linking the two coasts of the isthmus. Panamanian plans call for construction of new lines to the interior and to the airport, in order to benefit the Colon Free Zone.

S.H.

Internal Strife Threatens Unity

(Continued from Page 75)

most 'conservative, pro-business, pro-multinational economic policies in Latin America.

There are more than 80 banks in Panama, 67 of them foreign, including branches of the leading American banks; and there is no law restricting foreign investment.

Recently, the United States Ambassador to Panama, Ambler Moss,

a former treaty negotiator, traveled to a business seminar in New Orleans and promoted capital investment in Panama.

There are high-rise buildings and elegant neighborhoods, shopping centers and U.S. hamburger and fried-chicken chains in Panama City, making it one of the most North American-style capitals in Latin America.

Graciela Dixon, spokeswoman

for the leftist-oriented Guaycho-Nir student group at the National University of Panama, said that Panama's image of leftism is a sham.

A spokesman for the Trotskyite Student Social Renovation Movement agreed. "At times," he said, "it looks like the Panamanian government wants to favor possums, but in reality it benefits the ruling class, the bourgeoisie. Torrijos is not a leftist. He is a representative of the country's dominating class. Had he been a nationalist, he would have allowed the continued presence of American military bases here."

Critics point to the government's lack of investment regulations and laws prohibiting major labor disputes as evidence of their charges.

God and Panama

Nonetheless, in recent months, a new right-wing movement appeared in Panama, calling itself the God and Panama Movement, which claims that Panama's Communism does exist and is waiting for the United States to pull out the Zone to manifest itself.

If anything, politics and polarization appear to be minor issues; the greater enterprise of entering the Zone this year. With the treaties resolved, the government is beginning to see the Zone as a possible economic bonanza or windfall because it will receive U.S. assets already there, plus additional income from the canal, about \$6 million a year to maintain the Zone.

In spite of the fact that Panama has become a world banking and air travel center, poverty remains a constant for much of the population that lives in slums of Panama City and in remote villages of the interior.

Renato Pereira, leader of the newly formed pro-government Broad Popular Front Party (FRAMPO) said that 17 percent of the land is in the hands of eight or 10 families. Hundreds of thousands live in squalor, and many economists think that the turnover of the Canal Zone to Panama will not help them at all.

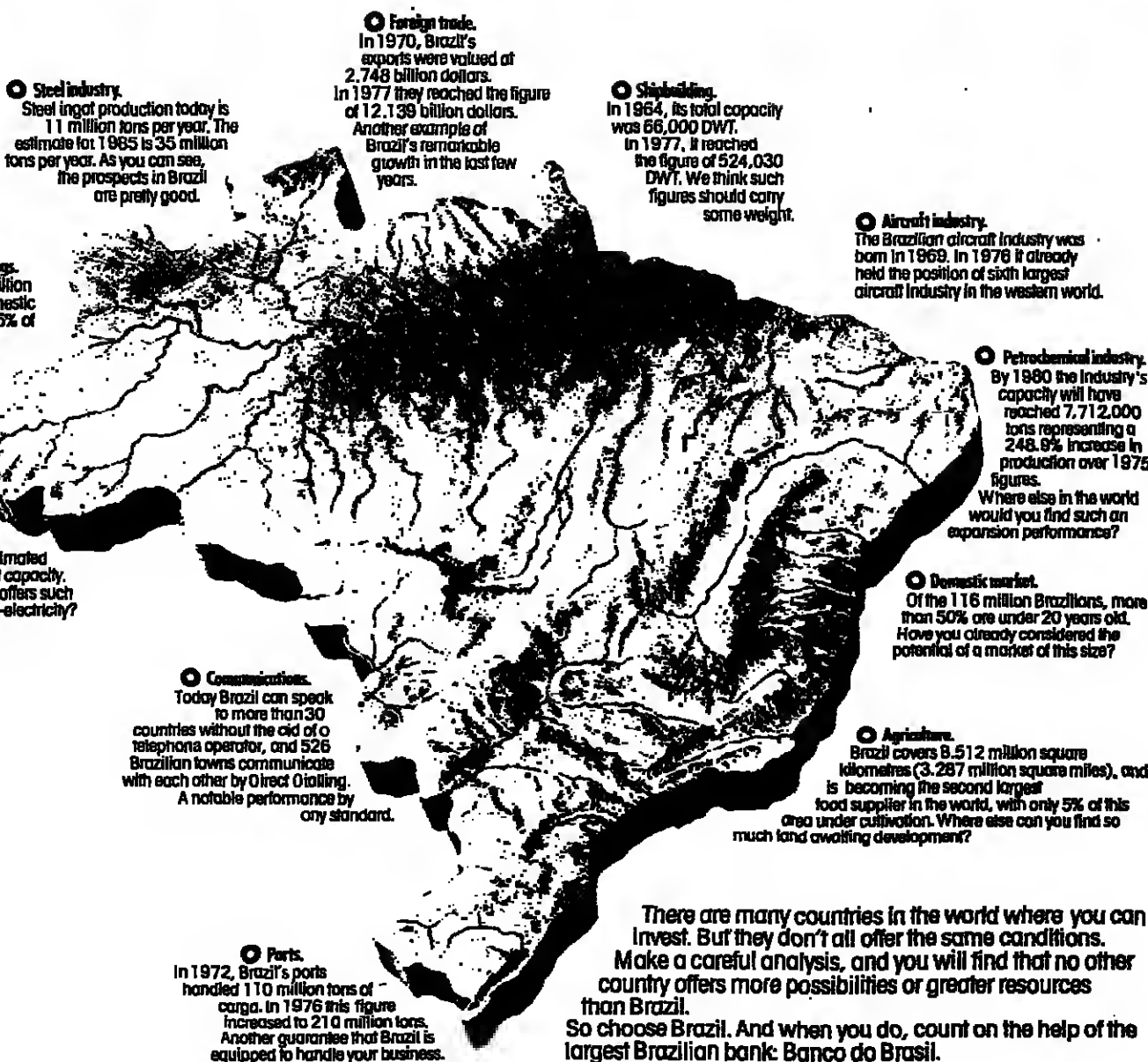
Foreign Relations

Internationally, at least on the Latin level, the treaties and President Carter's human rights policies have helped to improve relations between Washington and the Third World south of the Rio Grande.

After the treaties were signed, Venezuelan President Carlos Andres Perez, Latin America's undisputed leader and spokesman, called the accord "the act of greatest importance for Latin America so far in the 20th century." It has been the liquidation of a colonial enclave that deeply affected the life of a Latin American nation, he noted.

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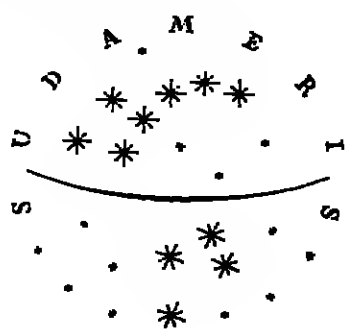
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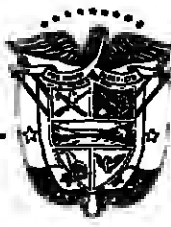
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'More Than a Canal' Is Offered to Tourists

PANAMA CITY (IHT) — Last year, when preparations began for President Carter's visit to exchange canal treaty documents, some Panamanian officials thought it would be a good idea to have Mr. Carter stay at the resort island of Cootadora in the Pacific Ocean.

After all, they reasoned, it was at Cootadora where U.S. and Panamanian officials had negotiated the treaties in long, arduous sessions for months. It would be a fitting place for the leader of the free world to stay on such a historic occasion. Also, they reportedly reasoned, it would be a good way to promote the island's tourist charms and also help promote Panama as a world tourist spot in the making.

However, Mr. Carter's advance men mixed the idea. They thought it would have been improper for the U.S. president to promote a government-run island as a tourist spot, especially since some Americans opposed to the treaties saw them as a U.S. sellout to Panama. Mr. Carter's people reasoned, sources said, that if the president had stayed at Contadora, the press might have exploited the tourism angle, perhaps causing an uproar that could have jeopardized the visit.

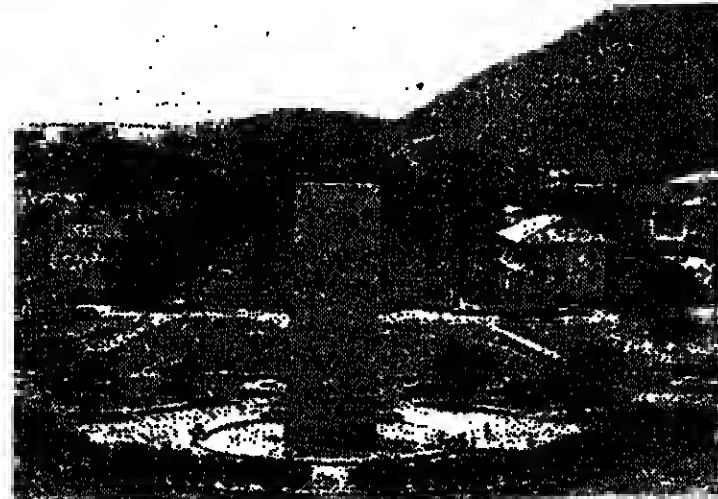
Thus, Mr. Carter ended up staying at the El Panama Hotel, owned by the National Bank of Panama.

Hong Kong West

But the Panamanian tourist industry seems to be doing well, even without the U.S. President's aid. According to figures published recently in the local Panamanian business magazine Analisis, at least 176,000 foreign tourists, mostly from the United States, visited Panama in the first six months of 1978, a 12.5-percent increase over the same period in 1977.

This surge in tourism is the direct result of the treaties, tourism officials say. But they point out that for years Panama has been developing as a world banking and air travel center, a sort of Hoog Koog West, where tourists find a tropical paradise of duty-free stores with imported Japanese, European and American cameras, watches, televisions and stereo equipment.

Two U.S. airlines — Pan Am and Braniff — plus 19 other airlines serve Panama. A new multimillion-dollar airport, built with U.S. technology, opened last year, replacing the old Tocumen Airport that had been operating since 1948. Prior to



A Panama landmark with Bridge of the Americas in the background.

that date, Panama had no airports at all, with air traffic until then landing at Albrook Field in the Canal Zone.

Realizing the importance of the tourism flow, the Panamanian government has launched an expensive tourist attraction campaign. Under the slogan "Panama is more than a canal," the government is trying to persuade tourists to spend extra days in the country to catch the other tourist attractions.

These include Contadora, Old Panama, the San Blas Islands, Taboga, Portobelo and even the Panama Railroad.

Yet, the first stop for most foreign visitors is the canal, which despite the treaties that go into effect next Oct. 1, will remain in U.S. control until the year 2000.

Romantic Era

Labeled here as "The Eighth Wonder of the World," or "The Funnel for World Commerce," the 51-mile-long canal that traverses the isthmus, has been instrumental in bringing about a comeback of the romantic era of cruising.

World interest in the Panama Canal generated by the treaty negotiations . . . has created a sentimental curiosity in the public, reminiscent of the days following the opening of the canal when passenger ships brought to the isthmus the first starry-eyed visitors to see the engineering wonder," writes Fannie

Hernandez in the summer 1978 edition of the Panama Canal Review magazine.

Luxury passenger ships, with camera-clicking tourists crowding the decks, are a common sight in the waterway, competing for transit time and space with the oil tankers ferrying oil from Alaska fields to the East Coast of the United States. It takes an average of eight hours to transit the canal.

There are also canal trips by moonlight, and travel agencies offer air and sea package cruises.

The surge in cruising has contributed, along with oil tankers, to make the waterway profitable for the first time since 1973.

Also, the more than \$100 million generated by tourism brought about last year the first slight growth of the stagnant economy since 1976 when uncertainty caused a decline. From zero growth then, the economy grew by 1½ percent last year, according to unofficial figures.

Even without the canal, Panama has the makings of a giant tourist dreamland — hot, tropical weather, long coastlines with fine beaches, islands, colorful natives, handicrafts and some good hotels. But the service industry is still pretty much in its infancy.

On some of the beaches, there are no major hotels or even any restaurants.

Contadora is being developed as the government's pet project. The island at one time was wholly owned by Gabriel Galindo, Panama's former ambassador to Washington and now head of the Panama Canal Authority, the group in charge of implementing the treaties on Panama's behalf.

Now the island is owned by the government, which built the Hotel Contadora two years ago, with 130 rooms and 60 cabins.

Besides the beaches, there is good deep sea fishing, skiing and scuba diving. In the Canal Zone itself, there are no hotels. But canal lakes such as Gatun are good for fishing or skiing, and the zone affords spectacular sights such as the Madden Forest Preserve on the highway between Balboa and Cristobal.

Four miles from Panama City, Old Panama contains the ruins of the original capital founded in 1519. In 1671 it was sacked and destroyed by the British pirate, Henry Morgan.

The San Blas Islands, an archipelago of over 300 islets off the Caribbean coast make up the home of one of Panama's most sophisticated and politically organized Indian tribes, the Cunas, makers of the world-famous Molas, lavishly clothed used to decorate pillows, skirts and blouses and sold in the boutiques around the world.

Taboga, 18 miles from Panama City in the Pacific Ocean, is quickly being developed as a rival island to Contadora. With a population of about 1,000, it contains long, unspoiled beaches and one of the oldest churches in Latin America. It was the first place to be visited by the founder of Panama, Pedrarias de Avila, in 1519, six months before he arrived in Panama City.

Portobelo, on the Caribbean coast, 30 miles from Cristobal and Colon, was a Spanish garrison town for two centuries. Columbus used the harbor in 1502 and Sir Francis Drake died and was buried at sea off the Bay of Portobelo. Three large stone forts face the entrance to the harbor.

The Panama Railroad, now under U.S. control, will be transferred to Panama when the treaties go into effect Oct. 1. It has the distinction of being the shortest transcontinental railway in the world, with a ticket costing about \$2 from Balboa to Cristobal. The railroad was built so the California gold seekers could get across the isthmus.

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Venezuela Raises Oil Prices 15%

CARACAS, Feb. 26 (Reuters) — Venezuela said today that because of the oil shortage caused by the Iranian revolution it will raise by 15 percent the price of nearly half the petroleum it exports, effective Thursday.

Energy and Mines Minister Valentino Hernandez said the country will charge about \$2 a barrel more for oil sold under monthly contracts after longer-term commitments have been met.

[Saudi Arabian oil minister Sheikh Ahmed Zaki Yamani said today in London he expects small, temporary oil price increases by some OPEC members because of "windfall profits" being made by the oil companies, but the basic price structure set last December by the Organization of Petroleum Exporting Countries will not be changed, United Press International reported.]

[Speaking at the Conference on World Energy Economics, Mr. Yamani listed the countries he expected to add price surcharges of about a dollar a barrel on certain crudes would be Kuwait, the United Arab Emirates, Qatar and Venezuela. But he was quick to emphasize the price hike will be temporary and "will cover" be incorporated in the price structure as it was decided by OPEC in Abu Dhabi last December.]

[Mr. Yamani added that Saudi Arabia will play its usual "moderate" role at the upcoming OPEC talks March 26 in Geneva to discuss the situation on the world oil market due to the Iranian short-fall.]

Fuel Oil Affected

NEW YORK, Feb. 26 (NYT) — Venezuela's 15-percent oil-price hike, first reported in the Middle East Economic Survey, reportedly would affect refined fuel oil, which Venezuela exports mainly to the U.S. East Coast.

Venezuela sets the prices of its refined products monthly and decides its crude-oil prices at the start of each calendar quarter. So the action taken today would probably cover fuel oil only, which under

normal circumstances sells for about the same price as crude oil. "It probably covers fuel oil," said a spokesman for the Asiatic Petroleum Co., a unit of the Royal Dutch/Shell Group that imports fuel oil from Venezuela. "As of Friday, we had not received notification, but we do expect to receive such notification early this week. They often do raise prices over the weekend."

Shock and Dismay

Although some price rise has been expected, company sources expressed shock and dismay at the size of the Venezuelan increase.

The move would come on the heels of increases recently announced by Abu Dhabi, Qatar and Libya, which have announced surcharges of 5-to-7 percent on their oil, mainly lighter grades of crude. All three are OPEC members, as is Venezuela.

The action by Venezuela is the first such extraordinary increase in the Western hemisphere, however, and the first to affect a high-sulfur, heavy oil. It would thus add new momentum to the push within OPEC for another official increase in oil prices across the board.

Venezuela produces about 2.2 million barrels daily of crude and currently exports just under 2 MBD, almost half of it in the form of refined products. The vast majority of its product exports are heavy fuel oil, or residual oil, a commercial and industrial boiler fuel used for make both heat and electricity.

U.S. to Limit Textiles in Trade Code

Policy Paper Details Import-Control Plan

WASHINGTON, Feb. 26 (AP-DJ) — President Carter's program to aid the domestic textile industry includes the promise to exclude textiles and apparel from the new international trade code that would liberalize government procurement practices, according to the White House policy statement which was obtained by AP-Dow Jones.

The text of the White House's textile program, which is scheduled to be announced by President Carter within a few days, also details the tight import-monitoring system for textiles and apparel to be put in operation by March 31.

The program includes a promise that the administration will not attempt to end the "buy-American" requirements that apply to government purchases of textiles and apparel from domestic suppliers. Specifically, it said that textiles would be excluded from the coverage of the new international trade code resulting from the multilateral trade negotiations in Geneva which liberalizes government-procurement activities.

The program also commits the administration to withdraw any tariff reductions on textiles and apparel in the new trade pact if the United States and other countries fail to extend the multilateral agreement, the international agreement regulating textile trade, that expires in about three years.

MFA Renewal Required "In the event the MFA is not renewed or a suitable arrangement is not put into place, legislative remedies will be proposed to allow the president authority unilaterally to control imports of textile and apparel products, consistent with the policy, enunciated in this statement," the document said.

The following actions also will be taken, according to the policy statement:

• Import surges that cause market disruption "will be aggressively controlled, whether they occur from one source or many, under agreements or otherwise."

• There will be "aggressive and prompt enforcement" of U.S. rights under the multi-fiber agreement when other countries attempt to circumvent quotas or similar restrictions.

• The United States will seek to reach understandings, under existing agreements with leading textile exporting countries, to "tighten control" for the multi-fiber agreement and "to eliminate threats of further market disruption through import surges" which may arise from one year to another. The country will adopt a stiffer position on allowing exporting countries to carry over shipments from one year to another when quota limits are not filled.

• "Where necessary to preclude further disruption from the major exporting countries," the administration's objective will be to hold down imports in 1979 to no more than 1978 shipments or the "base levels" for 1979, which are even lower. In addition, "particular attention" will be paid to imports of the "most sensitive" import categories, especially in the apparel field where imports, compared to domestic production, already are high.

President Carter also is preparing to promise improvements in U.S. enforcement of the countervailing-duty law and anti-dumping regulations.

While the main focus of the policy statement is on import control, Mr. Carter also will pledge government support for a "major export drive" to assist domestic textile and apparel producers to increase their sales abroad.

Mr. Carter promised Nov. 11, in vetoing legislation that would remove textiles from consideration by U.S. negotiators in Geneva, that his administration would do more to assist the "beleaguered" domestic industry. The textile program, approved by Mr. Carter after negotiations between Special Trade Representative Robert Strauss and the U.S. industry, was designed to win support for congressional passage of the new trade pact (H.R. 18).

The White House statement estimated that U.S. imports of textiles and apparel totaled about \$7 billion last year while exports amounted to only \$2.6 billion. "This situation, with trade restrictions abroad and our lack of success in exporting, contributed to unemployment at home," the statement said, adding that this situation "must be improved in the national interest."

Itel Postpones Eurobond LONDON, Feb. 26 (AP-DJ) — Itel Corp. postponed today its \$25-million, eight-year note offering with an indicated coupon of 10 1/2 percent because of adverse market conditions. The computer and aircraft leasing company said that although its offering was oversubscribed, the disappointing performance of recent issues in the Eurobond market had led it to the conclusion that its longer-term interests and those of its present and future investors would be served best by the postponement.

No Rush to Buy U.S. Stocks

Foreign Investors Fence-Sitting

NEW YORK, Feb. 26 (AP-DJ) — Investors outside the United States seem to have joined the swelling ranks of U.S. stock market fence-sitters, which may well hinder any sudden, sharp jump in equity prices for a while.

Non-U.S. residents were net buyers of U.S. equities from Jan. 26 through Feb. 14, but they turned into net sellers last week, according to samplings compiled by Merrill Lynch.

"We haven't seen any pronounced switch in their activity, although they carry the potential of triggering another powerful rally," says Robert Farrell, chief market analyst at Merrill Lynch. He believes that for the foreign investors to spark another rally, they would need more confidence that a turnaround in the dollar was imminent and that "no war is on the horizon."

Foreign Turnover Off

Foreign investors represent a big chunk of buying and selling power in the U.S. stock markets and have played a weighty role in past major rallies and downturns. However, "foreign activity has declined substantially in the past few months," says David Minor, assistant director of economic research at the Securities Industry Association, which tracks the participation of foreigners in U.S. equity markets. Buying by foreigners had boosted the market in the first half of 1978, but they joined U.S. investors in a jagged pattern of activity in the second half.

Some analysts doubt that there would be increased foreign buying of stocks in the next few months. "Foreign money isn't coming in at any particular quantity and there isn't any indication" that it will be "sometime soon," asserts Monte Gordon, director of research at Dreyfus Corp.

"The foreign investors are as concerned about the dollar and inflation as U.S. investors," he adds. The uncertainties that the troubles in Iran have created, plus questions on how President Carter's program on spending and wage-price guidelines will be affected, "will keep foreign money on the sidelines," Mr. Gordon adds.

Leslie Alperstein, director of research at Bache Halsey, says the dollar is the "swing factor" as far as foreign investors are concerned. The Iranian crisis and climbing oil prices will put added pressure on the dollar, Mr. Alperstein says, and in that environment, "we don't believe the Europeans will be rushing to buy U.S. stocks."

Judging by their activity in recent months, investors abroad appear to be adopting more of a short-term trading style in buying stocks. Mr. Farrell says such a pattern makes them "a more destabilizing factor than in the past."

But of greater significance, he believes, is the net selling that has been done by European investors in every month from July through November. He believes they were net sellers in December, also. "We don't view this as all bad, since every period of sustained disaffection for stocks by foreigners was followed by a buying resurgence," Mr. Farrell asserts.

He believes the dollar is making a "technical bottom" against other currencies and that fuels his hope that foreign buying could again surge.

"Obviously, the Iranian and China situations will have to be clarified, but we think the next upside trigger may come from this source rather than from the interest-rate watchers among domestic institutions," Mr. Farrell says, adding that the market is still in a "critical base-building stage" that may be tested further in coming weeks.

NYSE Prices Down Amid Light Trade

New Orders Up 4.1% For Durable Goods

NEW YORK, Feb. 26 (Reuters) — Prices on the New York Stock Exchange were lower in light trading today with investors uncertain about interest rates, oil prices and the Far East.

The Dow Jones industrial average lost 2.16 points to 821.12, with declining issues outnumbering advances 762 to 556. Volume dropped to 32.62 million shares from Friday's 22.75 million.

After the market closed, the Commerce Department said new factory orders for durable goods rose a seasonally adjusted 4.1 percent in January to \$81.34 billion after rising a revised 2 percent in December and declining 0.4 percent in November. Previously, the department had reported that durable goods orders declined 0.1 percent in December.

The department said the January increase was the largest monthly gain since new orders for durable goods increased 6 percent last October.

France's Rhone-Poulenc said it has filed a lawsuit in the United States against Polychrome Corp. Dainippon Ink & Chemicals and its U.S. unit to enjoin Polychrome from issuing 400,000 shares of preferred stock having three votes a share to Dainippon America and to enjoin its tender offer for shares of Polychrome common.

The Bank of St. Louis raised its prime to 11 1/4 percent from 11 1/2 percent. Another St. Louis bank, Southwest Bank of St. Louis, was the first to lower its prime to 11 1/2 percent on Jan. 31, reversing the uptrend of several months.

Prices on the American Stock Exchange edged higher, with the index up 0.81 to 163.63.

Morgan Ups Forecast On U.S. '79 Deficit

NEW YORK, Feb. 26 (AP-DJ) — Troubles in Iran have caused economists of Morgan Guaranty Trust to revise upward their projection of the 1979 U.S. current-account deficit to between \$10-to-11 billion against the originally estimated \$8 billion.

In the latest issue of its publication, World Financial Markets, the bank said the \$2-to-\$3-billion deterioration in the outlook reflects the facts that the United States is the world's biggest importer of oil and is Iran's biggest outside supplier, particularly of military equipment. Its projection assumes that Iran reduces its oil production 50 percent this year and that oil prices rise on average by 15 percent.

Iran to Start Oil Exports Next Week by State Firm

TEHRAN, Feb. 26 (AP-DJ) — Iran's oil exports will resume next week, Hassan Nazih, the new managing director of the National Iranian Oil Company announced today.

Addressing thousands of workers at the refinery in Abadan, Mr. Nazih said NIOC's production and export policies "will be based entirely on Iran's national interests and we shall never accept colonialism imposed agreements."

Mr. Nazih gave no specific date for the restart of exports nor did he indicate what the initial production level would be. Iran currently produces 700,000 barrels a day, enough to meet domestic requirements.

[NIOC officials said the date when the tankers would start loading again and the size of future exports would be announced by NIOC in the next few days, Reuters reported. Oil industry sources in Ahwaz, the center of Iran's main oil-producing area, said sufficient maintenance was being carried out to allow resumption of exports to whatever level the government desires within a week.]

Direct Sales The English-language daily, Kayhan International, quoting highly placed oil sources, said Iranian oil will be exported only through direct sales by NIOC and not through the 14-member consortium of companies led by British Petroleum, which previously handled 40 percent of Iran's sales.

[Oil experts here doubted the feasibility of such a project but said Iran could try to auction a small part of its production to take advantage of soaring prices on the spot market caused by the Iranian strike.]

Mr. Nazih told oil workers that billions of dollars of Iran's oil income had been wasted under Shah Mohammed Reza Pahlavi, "so that at present we don't have any reserves and we owe 240 billion rials (about \$3.4 billion)."

The country, which was the world's second largest crude exporter before serious political unrest erupted, was producing up to six million barrels a day with about 3.4 MBD going for export. Oil industry sources said Iran was not expected to reach previous production levels but probably would pump about 3 MBD. This would enable the country to meet domestic needs with about 2.4 MBD going for export, or roughly the estimated shortfall on the international oil market.

Prime minister Mehdi Bazargan's provisional government has said that most of the oil industry's 65,000 employees, including oil

Japan's Growth Rate Seen Averaging 5.8% by 1983

TOKYO, Feb. 26 (Reuters) — Japan's real economic growth will average 5.8 percent annually over the five fiscal years beginning March 31 but the current-account surplus will not drop below \$10 billion a year, the Japan Economic Research Center forecast today.

Japan's troublesome surplus on current account, which includes trade in merchandise and services, will decline slowly in the first three years of the forecast, the center said. However, it will not fall below \$10 billion in each year, compared with an official estimate of \$7.5 billion for fiscal 1979 beginning March 31, it said.

The surplus is expected to rise again to \$12.7 billion in fiscal 1983 from the lowest estimate of \$10.07 billion in the five year period, it added.

The private research group said inflation-adjusted growth in fiscal 1979 and 1980 is estimated at about 5 percent a year compared with the government's forecast of about 6.3 percent for fiscal 1979.

The growth rate is forecast at 6 percent in fiscal 1981, 6.5 percent in fiscal 1982 and 7 percent in fiscal 1983, the center said. The 5-percent growth rates in fiscal 1979 and 1980 will depend largely on public spending, the center said, but the higher growth later would also depend on a recovery in the private sector, especially in research and development and investment.

The center also forecast the yen will strengthen to 155 yen to the dollar by fiscal 1983 because domestic inflation will be lower than abroad.

Consumer prices will rise 4.1 percent in fiscal 1979 compared with a government forecast of 4.9 percent, gradually rising to 5.9 percent in fiscal 1983, it forecast.

The unemployment rate will rise from the current 2.2 percent to 2.4 percent in fiscal 1980 but will decline to 2.1 percent in fiscal 1983, it added.

IMF Gets Funds For \$10-Billion Lending Facility

WASHINGTON, Feb. 26 (AP-DJ) — The International Monetary Fund announced today that it is ready to make use of a supplementary \$10-billion lending facility to assist member nations with international payments difficulties.

The agreement entered in force last Friday, when the Austrian National Bank joined the United States, Saudi Arabia, West Germany and other countries in pledging loans to the IMF to help finance the credits to other nations.

The so-called Wittersten facility was approved in August 1977, but the supplementary lending "pool" could not come into operation until after the lenders completed steps to provide the funds. The facility was named for former IMF managing director Johannes Wittersten.

The Saudis have agreed to provide about \$2.49 billion, the United States \$1.87 billion, West Germany \$1.35 billion and Japan \$1.16 billion. The Swiss will provide \$838.5 million, Venezuela \$645 million, Kuwait \$516 million and smaller amounts will be provided by Abu Dhabi, Austria, Belgium, Canada, the Netherlands and Nigeria.

Oil-Gas Found Offshore Japan

TOKYO, Feb. 26 (UPI) — A potentially large oil-gas field has been discovered in waters off Niigata Province, about 400 miles north of Tokyo, Japan's Idemitsu Oil Co. said today.

Studies are underway to see if the field is of commercial quality, the company added. It is the fourth oil field found off the coast of Japan. Only one of the others contained enough crude to warrant commercial development.

Prime minister Mehdi Bazargan's provisional government has said that most of the oil industry's 65,000 employees, including oil

workers, have heeded a call to return to work by Ayatollah Ruhollah Khomeini, whose religiously inspired revolution toppled Shah Mohammad Reza Pahlavi's regime two weeks ago.

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Inflation at 3% Seen For West Germany

HAMBURG, Feb. 26 (Reuters) — Inflation in West Germany is likely to average above 3 percent this year compared with 2.6 percent in 1978, the Hamburg Economic Research Institute said today.

To its latest publication on economic prospects, the institute attributes the increase mainly to a rise in the price of oil products. The institute also noted that factors offsetting inflationary pressures last year — the significant appreciation of the mark and an exceptionally good harvest — could not be reckoned on for this year.

Kaiser Aluminum Prices OAKLAND, Calif., Feb. 26 (Reuters) — Kaiser Aluminum & Chemical said it is raising prices an average 5 percent for primary aluminum ingot and extrusion-billet products, effective March 1. The company said the increases are in compliance with the guidelines of the Council on Wage and Price Stability.

French Wholesale Prices PARIS, Feb. 26 (AP-DJ) — France's index of industrial wholesale prices rose 1.2 percent in January to 237.9, base 1962 equals 100, from 235.1 in December. The Statistical Institute said today. The January index was 9.7 percent above its year-earlier level of 216.8.

Company Reports

Revenue, profits, in millions of dollars

| Carnation * | | | |
|-------------|--------|--------|--|
| 4th Quarter | 1978 | 1977 | |
| Revenue | 699.10 | 623.50 | |
| Profits | 35.85 | 28.15 | |
| Per share | 0.96 | 0.76 | |
| Year | | | |
| Revenue | 2,580 | 2,330 | |
| Profits | 123.70 | 109.12 | |
| Per share | 3.32 | 2.93 | |

* Quarterly dividend increased to 37 1/2 cents a share, payable March 15, record March 5.

| Chrysler * | | | |
|-------------|--------|--------|------|
| 4th Quarter | 1978 | 1977 | |
| Revenue | 3,990 | 3,210 | |
| Profits | 43.20 | 49.70 | loss |
| Per share | 0.61 | 0.71 | |
| Year | | | |
| Revenue | 13,600 | 13,100 | |
| Profits | 204.60 | 163.20 | |
| Per share | 2.71 | 2.14 | |

* 1977 figures restated to reflect deconsolidation of European and South American operations.

| Detroit Edison | | | |
|-------------------|--------|--------|--|
| 12 months Jan. 31 | 1978 | 1977 | |
| Revenue | 1,610 | 1,450 | |
| Profits | 121.17 | 102.41 | |
| Per share | 1.94 | 1.84 | |

| Foster Wheeler | | | |
|----------------|--------|--------|--|
| 4th Quarter | 1978 | 1977 | |
| Revenue | 421.10 | 329.80 | |
| Profits | 11.31 | 7.22 | |
| Per share | 1.37 | 0.89 | |
| Year | | | |
| Revenue | 1,490 | 1,190 | |
| Profits | 41.12 | 27.06 | |
| Per share | 5.01 | 3.32 | |

| Grand Union | | | |
|-------------|--------|--------|--|
| 4th Quarter | 1978 | 1977 | |
| Revenue | 704.30 | 399.40 | |
| Profits | 9.55 | 5.23 | |
| 9 months | | | |
| Revenue | 1,730 | 1,260 | |
| Profits | 15.78 | 11.14 | |

| Lincoln National | | | |
|------------------|---------|---------|--|
| 4th Quarter | 1978 | 1977 | |
| Revenue | \$87.90 | \$23.80 | |
| Profits | 40.00 | 41.00 | |
| Per share | 1.69 | 1.72 | |
| Year | | | |
| Revenue | 2,190 | 1,000 | |
| Profits | 154.51 | 135.24 | |
| Per share | 6.49 | 5.68 | |

| Southern Co. | | | |
|--------------|--------|--------|--|
| 4th Quarter | 1978 | 1977 | |
| Revenue | 246.20 | 231.30 | |
| Profits | 10.97 | 14.01 | |
| Per share | 0.08 | 0.10 | |
| Year | | | |
| Revenue | 2,900 | 2,700 | |
| Profits | 198.50 | 237.60 | |
| Per share | 1.42 | 1.87 | |

Revenue, profits in millions

| Japan | | | |
|---------|---------|---------|--|
| Komatsu | | | |
| Year | 1978 | 1977 | |
| Revenue | 396,657 | 353,423 | |
| Profits | 15,889 | 14,403 | |

| Switzerland | | | |
|-------------|--------|--------|--|
| Ciba-Geigy | | | |
| Year | 1978 | 1977 | |
| Revenue | 8,930 | 9,940 | |
| Profits | 360.00 | 420.00 | |

This advertisement appears as a matter of record only. These Notes were offered and sold outside the United States of America.

\$150,000,000

Sears Overseas Finance N.V.

(a wholly-owned subsidiary of Sears, Roebuck and Co.)

9% Guaranteed Notes due February 15, 1982

Unconditionally Guaranteed as to Payment of Principal and Interest by

Sears, Roebuck and Co.

Goldman Sachs International Corp.

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Commerzbank Aktiengesellschaft

Crédit Lyonnais

Nomura Europe N.V.

Swiss Bank Corporation (Overseas) Limited

Union Bank of Switzerland (Securities) Limited

Westdeutsche Landesbank Girozentrale

February 22, 1979

هكذا من الأصل

| 12 Month Stock | | | | | | C/Y's | | 12 Month Stock | | | | | | C/Y's | | 12 Month Stock | | | | | | C/Y's | |
|----------------|-----|------|-------|------|-----|---------------------------|-------|----------------|-----|------|-------|------|-----|---------------------------|-------|----------------|-----|------|-------|------|-----|---------------------------|-------|
| High | Low | Div. | In \$ | Yld. | P/E | Sis. | Clos. | High | Low | Div. | In \$ | Yld. | P/E | Sis. | Clos. | High | Low | Div. | In \$ | Yld. | P/E | Sis. | Clos. |
| | | | | | | 100% High Low Quot. Close | | | | | | | | 100% High Low Quot. Close | | | | | | | | 100% High Low Quot. Close | |
| | | | | | | | | | | | | | | | | | | | | | | | |

[illegible][illegible]

Closing Prices February 23, 1979

| High | Low | Close | Change |
|--------------------|---------|---------|-----------|
| 9736 Ashland | 519 | 519 | 18 1/2 + |
| 255 Acklands | 517 | 517 | 16 + |
| 7250 Amlico E | 517 | 517 | 6 1/2 + |
| 4242 BCL | 517 | 517 | 17 + |
| 21186 Alto Gas A | 517 1/2 | 517 1/2 | 17 1/4 + |
| 100 Alco Can | 519 | 519 | 19 + |
| 10000 Alcan | 519 | 519 | 20 1/2 + |
| 2725 Andrus W A | 514 1/2 | 514 1/2 | 13 1/4 + |
| 96 Atarus C pr | 514 1/2 | 514 1/2 | 14 1/4 + |
| 14510 BP Can | 524 1/2 | 524 1/2 | 22 1/2 + |
| 2348 Bank N S | 524 1/2 | 524 1/2 | 24 1/4 + |
| 17426 Brierley Res | 519 1/2 | 519 1/2 | 19 1/4 + |
| 4215 Brantford | 517 1/2 | 517 1/2 | 17 1/4 + |
| 4125 Brando M | 517 1/2 | 517 1/2 | 17 1/4 + |
| 8240 BCF | 521 1/2 | 521 1/2 | 21 1/4 + |
| 124 BC Phone | 517 1/2 | 517 1/2 | 17 1/4 + |
| 8670 Brussard | 517 1/2 | 517 1/2 | 17 1/4 + |
| 900 Budd Auto | 517 1/2 | 517 1/2 | 17 1/4 + |
| 140 CAE | 521 1/2 | 521 1/2 | 21 1/4 + |
| 27348 Can Frv | 519 1/2 | 519 1/2 | 19 1/4 + |
| 16384 Can Power A | 549 1/2 | 549 1/2 | 49 1/4 + |
| 25500 Canpac | 514 1/2 | 514 1/2 | 14 1/4 + |
| 2130 C Nor West | 519 1/2 | 519 1/2 | 19 1/4 + |
| 405 C Polys C | 529 1/2 | 529 1/2 | 29 1/4 + |
| 2000 Can Perm | 514 1/2 | 514 1/2 | 14 1/4 + |
| 1314 Can Trust | 523 1/2 | 523 1/2 | 23 1/4 + |
| 100 C Tunge | 521 1/2 | 521 1/2 | 21 1/4 + |
| 10000 Can Cal | 514 1/2 | 514 1/2 | 14 1/4 + |
| 19025 C Blk Com | 524 1/2 | 524 1/2 | 24 1/4 + |
| 3715 Can Tire A | 524 1/2 | 524 1/2 | 24 1/4 + |
| 780 C Utilite | 517 1/2 | 517 1/2 | 17 1/4 + |
| 163 Camdex | 514 1/2 | 514 1/2 | 14 1/4 - |
| 400 Camdex DII | 523 1/2 | 523 1/2 | 23 1/4 - |
| 780 C Utilite | 517 1/2 | 517 1/2 | 17 1/4 - |
| 10700 Cateras | 523 1/2 | 523 1/2 | 23 1/4 - |
| 9135 C Holders I | 524 1/2 | 524 1/2 | 24 1/4 - |
| 14000 Can Oils | 519 1/2 | 519 1/2 | 19 1/4 - |
| 18823 Can Gas | 513 1/2 | 513 1/2 | 13 1/4 - |
| 2300 Can Ferry | 525 1/2 | 525 1/2 | 25 1/4 - |
| 2300 Can Ferry | 525 1/2 | 525 1/2 | 25 1/4 - |
| 24578 Canpak | 514 1/2 | 514 1/2 | 14 1/4 - |
| 3900 Canpak Int | 519 1/2 | 519 1/2 | 19 1/4 - |
| 24415 Ceylon | 514 1/2 | 514 1/2 | 14 1/4 - |
| 6715 Can Res | 517 1/2 | 517 1/2 | 17 1/4 - |
| 20100 Deer Dev | 519 1/2 | 519 1/2 | 19 1/4 + |
| 260 Donn | 517 1/2 | 517 1/2 | 17 1/4 + |
| 15492 Denison | 523 1/2 | 523 1/2 | 23 1/4 + |
| 1148 Dickman | 517 1/2 | 517 1/2 | 17 1/4 + |
| 730 D Bridge | 531 1/2 | 531 1/2 | 31 1/2 + |
| 2500 DeRosca A | 513 1/2 | 513 1/2 | 13 1/2 - |
| 400 Dam Shore | 518 1/2 | 518 1/2 | 18 1/2 + |
| 600 Da Ford | 517 1/2 | 517 1/2 | 17 1/2 + |
| 64025 Dvlex L A | 515 1/4 | 515 1/4 | 15 1/4 + |
| 4200 Elm Mol | 179 | 179 | 17 + |
| 1300 Elchem | 425 | 425 | 42 + |
| 600 Emco C | 59 | 59 | 9 + |
| 23503 Felcor C | 8 1/2 | 8 1/2 | 8 - |
| 10450 Feltex Ntk A | 49 1/2 | 49 1/2 | 49 1/2 - |
| 2400 Fed Ind A | 50 1/4 | 50 1/4 | 50 1/4 - |
| 1000 Francorp | 93 1/4 | 93 1/4 | 93 1/4 - |
| 10450 Feltex Ntk A | 49 1/2 | 49 1/2 | 49 1/2 - |
| 3437 G M Res | 435 | 435 | 435 - |
| 1460 G Distrib W | 275 | 275 | 275 - |
| 7706 Gifford | 81 1/2 | 81 1/2 | 81 1/2 - |
| 100 Goodway | 319 | 319 | 319 + |
| 65000 Graft G | 548 1/4 | 548 1/4 | 548 1/4 + |

| High | Low | Close | Change |
|-------------------|---------|---------|-----------|
| 170400 Granduc | 176 | 143 | 169 +47 |
| 200 GI Oil Sds | 375 | 364 | 11 - |
| 1820 GSC | 127 1/2 | 127 1/2 | 127 1/2 - |
| 11225 Greyhound | 520 | 19 1/2 | 20 - |
| 14000 Gryn | 520 | 19 1/2 | 20 - |
| 20100 H Corp A | 365 | 375 | 10 - |
| 2400 Harteisline | 514 1/4 | 14 1/4 | 14 1/4 - |
| 1500 Himpel A | 519 1/2 | 19 1/2 | 19 1/2 - |
| 1192 Hynes | 519 1/2 | 19 1/2 | 19 1/2 - |
| 49118 H Bay Co | 523 | 22 1/2 | 22 1/2 + |
| 5443 IAC | 517 1/2 | 17 1/2 | 17 1/2 - |
| 2400 Iandil | 514 | 13 1/2 | 13 1/2 - |
| 1210 Ilandil Gas | 511 1/2 | 11 1/2 | 11 1/2 - |
| 2000 Int Alcan | 50 1/2 | 4 1/2 | 4 1/2 - |
| 5315 Int Pipe A | 517 1/2 | 17 1/2 | 17 1/2 - |
| 40 Int Grp A | 512 | 12 | 12 - |
| 264 Ivaco A | 514 1/2 | 14 1/2 | 14 1/2 - |
| 4400 Jancia | 523 | 23 | 23 + |
| 5475 Kellogg Re | 517 1/2 | 17 1/2 | 17 1/2 - |
| 7120 Koro Kato | 520 | 20 | 20 - |
| 100 Kelsay H | 524 1/2 | 24 1/2 | 24 1/2 + |
| 7028 Kelsay A | 513 | 12 1/2 | 12 1/2 - |
| 5071 Labett | 517 1/2 | 17 1/2 | 17 1/2 - |
| 55 Lab Mtn | 549 1/2 | 49 1/2 | 49 1/2 - |
| 7200 Lacina | 56 1/2 | 5 1/2 | 5 1/2 - |
| 3915 LDI Can | 520 | 20 | 20 - |
| 281 L.L. Lac | 290 | 290 | 290 - |
| 400 Lco A | 475 | 475 | 475 + |
| 4451 Lab Co B | 465 | 465 | 465 + |
| 400 Lumb M | 599 | 9 1/2 | 9 1/2 - |
| 588 MLC | 519 1/2 | 19 1/2 | 19 1/2 - |
| 172 Mac H A | 519 1/2 | 19 1/2 | 19 1/2 - |
| 1920 MAF Ltd | 522 1/2 | 22 1/2 | 22 1/2 - |
| 6500 Meisler | 517 1/2 | 17 1/2 | 17 1/2 - |
| 5105 Moflon A | 525 | 24 1/2 | 24 1/2 + |
| 430 Motlan B | 523 | 23 | 23 - |
| 4630 Motlan | 519 1/2 | 19 1/2 | 19 1/2 - |
| 3578 Murray | 517 1/2 | 15 | 15 1/4 - |
| 5101 Trust | 523 | 23 1/2 | 23 1/2 - |
| 3900 Norcan A | 514 1/2 | 14 1/2 | 14 1/2 - |
| 34023 Norcan | 516 1/2 | 17 1/2 | 17 1/2 + |
| 26100 N Tecm B | 520 1/2 | 20 1/2 | 20 1/2 - |
| 25100 Norcan | 520 1/2 | 20 1/2 | 20 1/2 - |
| 31827 Oatwood P | 529 | 5 1/2 | 5 1/2 - |
| 1920 Ocatol B | 514 1/4 | 14 1/4 | 14 1/4 - |
| 3250 Ocatol B | 514 1/4 | 14 1/4 | 14 1/4 - |
| 7815 Pore Pnt | 611 1/2 | 11 1/2 | 11 1/2 - |
| 4200 Pomeroy A | 517 1/2 | 17 1/2 | 17 1/2 - |
| 14000 Pore Pnt | 517 1/2 | 17 1/2 | 17 1/2 - |
| 215 Puffin N V | 521 1/2 | 21 1/2 | 21 1/2 + |
| 14320 Pombina | 51 1/2 | 9 1/2 | 9 1/2 - |
| 14320 Pombina | 51 1/2 | 9 1/2 | 9 1/2 - |
| 1925 Pore Pnt | 529 1/2 | 29 1/2 | 29 1/2 - |
| 11700 Place G | 266 | 257 | 257 - |
| 28070 Pore Pnt | 529 1/2 | 29 1/2 | 29 1/2 - |
| 3675 Rort | 510 1/4 | 10 1/4 | 10 1/4 - |
| 1400 Roshard A | 514 1/4 | 14 1/4 | 14 1/4 + |
| 7200 Roshard B | 514 1/4 | 14 1/4 | 14 1/4 + |
| 7200 Roshard B | 511 | 10 1/2 | 10 1/2 + |
| 16018 Roshard P | 150 | 147 | 147 + |
| 16018 Roshard P | 150 | 147 | 147 + |
| 250 Roshard P | 522 1/2 | 22 1/2 | 22 1/2 - |
| 47444 Sogrene | 59 1/2 | 9 1/2 | 9 1/2 - |
| 14000 Sogrene | 59 1/2 | 9 1/2 | 9 1/2 - |
| 4011 Sherrill Com | 517 1/2 | 17 1/2 | 17 1/2 - |
| 5617 Sherrill A | 510 1/2 | 10 1/2 | 10 1/2 - |

| High | Low | Close | Change |
|-----------------|---------|---------|----------|
| 10924 Teck | Cor B | 513 1/2 | 13 1/4 |
| 1443 Tex | Cor | 501 1/2 | 14 1/4 |
| 1447 Tex | Cor | 511 1/2 | 14 1/4 |
| 8404 Tor | Dom Bn | 522 1/2 | 22 1/4 |
| 1147 Toronto | B | 517 1/2 | 17 1/4 |
| 2725 Traders A | 514 1/2 | 14 1/4 | 14 1/4 + |
| 4345 Trns Mtl A | 519 1/2 | 9 1/2 | 9 1/2 - |
| 8580 TrCon | A | 518 1/2 | 18 1/4 |
| 9951 TrCon | A | 519 1/2 | 19 1/4 |

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(Yesterday's closing prices
in local currency)

[illegible]

Closing Prices February 23, 1956

| | High | Low | Close |
|-----------------|----------|---------|---------|
| 22478 Brk Mgmt | \$254 | 251 1/2 | 251 1/2 |
| 42500 Basic Res | \$ 6 1/2 | 5 7/8 | 5 7/8 |
| 3050 Con Bath | \$17 1/4 | 12 7/8 | 12 |
| 2000 FCA Int | | 300 | 294 3/4 |
| 251 Imasco | 53 3/4 | 39 1/4 | 39 1/4 |
| 3600 Amr Trst | 52 1/2 | 20 1/2 | 20 1/2 |
| 1306 RailroadA | \$ 8 | 9 | 8 1/2 |
| 120 RailroadB | \$ 8 1/4 | 8 3/4 | 8 3/4 |
| 5386 Royal Bk | \$48 1/4 | 40 1/4 | 40 1/4 |
| 900 Steinberg A | 125 | 25 | 25 |

Total sales 761,765 shares

One U.N. Plaza on E. 44th Street, New York, New York 10017, U.S.A.
 Telex: 126803 Cable: UNPLAZATEL

A UNDC project managed by Hyatt International Corporation.
 These numbers get you Hyatt world-wide and toll-free:
 In the United Kingdom: 028.5303 In West Germany: 0611/28.58.56
 In France: 079.3322 In Holland: 020/43.43.54 In Brussels: 022/19.46.40
 *Courtesy: Field Newspaper Syndication

1

1. *Chlorophyll a* (Chl *a*) and *Chlorophyll b* (Chl *b*) were determined using the method of Arar and Collins (1987). The concentration of Chl *a* and Chl *b* was expressed as $\mu\text{g mL}^{-1}$ of the sample.

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1. *Chlorophyll a* (Chl *a*)

2. *Chlorophyll b* (Chl *b*)

3. *Carotenoids* (Car)

4. *Phaeophytin a* (Phe *a*)

5. *Phaeophytin b* (Phe *b*)

6. *Phaeoerythrin* (Phe *e*)

7. *Phaeoxanthophyll* (Phe *x*)

8. *Phaeo-*fucoxanthin** (Phe *f*)

9. *Phaeo-*peridinin** (Phe *p*)

10. *Phaeo-*zeaxanthin** (Phe *z*)

11. *Phaeo-*violaxanthin** (Phe *v*)

12. *Phaeo-*antheraxanthin** (Phe *a*)

13. *Phaeo-*zeaxanthin** (Phe *z*)

14. *Phaeo-*violaxanthin** (Phe *v*)

15. *Phaeo-*antheraxanthin** (Phe *a*)

16. *Phaeo-*zeaxanthin** (Phe *z*)

17. *Phaeo-*violaxanthin** (Phe *v*)

18. *Phaeo-*antheraxanthin** (Phe *a*)

19. *Phaeo-*zeaxanthin** (Phe *z*)

20. *Phaeo-*violaxanthin** (Phe *v*)

21. *Phaeo-*antheraxanthin** (Phe *a*)

22. *Phaeo-*zeaxanthin** (Phe *z*)

23. *Phaeo-*violaxanthin** (Phe *v*)

24. *Phaeo-*antheraxanthin** (Phe *a*)

25. *Phaeo-*zeaxanthin** (Phe *z*)

26. *Phaeo-*violaxanthin** (Phe *v*)

27. *Phaeo-*antheraxanthin** (Phe *a*)

28. *Phaeo-*zeaxanthin** (Phe *z*)

29. *Phaeo-*violaxanthin** (Phe *v*)

30. *Phaeo-*antheraxanthin** (Phe *a*)

31. *Phaeo-*zeaxanthin** (Phe *z*)

32. *Phaeo-*violaxanthin** (Phe *v*)

33. *Phaeo-*antheraxanthin** (Phe *a*)

34. *Phaeo-*zeaxanthin** (Phe *z*)

35. *Phaeo-*violaxanthin** (Phe *v*)

36. *Phaeo-*antheraxanthin** (Phe *a*)

37. *Phaeo-*zeaxanthin** (Phe *z*)

38. *Phaeo-*violaxanthin** (Phe *v*)

39. *Phaeo-*antheraxanthin** (Phe *a*)

40. *Phaeo-*zeaxanthin** (Phe *z*)

41. *Phaeo-*violaxanthin** (Phe *v*)

42. *Phaeo-*antheraxanthin** (Phe *a*)

43. *Phaeo-*zeaxanthin** (Phe *z*)

44. *Phaeo-*violaxanthin** (Phe *v*)

45. *Phaeo-*antheraxanthin** (Phe *a*)

46. *Phaeo-*zeaxanthin** (Phe *z*)

47. *Phaeo-*violaxanthin** (Phe *v*)

48. *Phaeo-*antheraxanthin** (Phe *a*)

49. *Phaeo-*zeaxanthin** (Phe *z*)

50. *Phaeo-*violaxanthin** (Phe *v*)

51. *Phaeo-*antheraxanthin** (Phe *a*)

52. *Phaeo-*zeaxanthin** (Phe *z*)

53. *Phaeo-*violaxanthin** (Phe *v*)

54. *Phaeo-*antheraxanthin** (Phe *a*)

55. *Phaeo-*zeaxanthin** (Phe *z*)

56. *Phaeo-*violaxanthin** (Phe *v*)

57. *Phaeo-*antheraxanthin** (Phe *a*)

58. *Phaeo-*zeaxanthin** (Phe *z*)

59. *Phaeo-*violaxanthin** (Phe *v*)

60. *Phaeo-*antheraxanthin** (Phe *a*)

61. *Phaeo-*zeaxanthin** (Phe *z*)

62. *Phaeo-*violaxanthin** (Phe *v*)

63. *Phaeo-*antheraxanthin** (Phe *a*)

64. *Phaeo-*zeaxanthin** (Phe *z*)

65. *Phaeo-*violaxanthin** (Phe *v*)

66. *Phaeo-*antheraxanthin** (Phe *a*)

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68. *Phaeo-*violaxanthin** (Phe *v*)

69. *Phaeo-*antheraxanthin** (Phe *a*)

70. *Phaeo-*zeaxanthin** (Phe *z*)

71. *Phaeo-*violaxanthin** (Phe *v*)

72. *Phaeo-*antheraxanthin** (Phe *a*)

73. *Phaeo-*zeaxanthin** (Phe *z*)

74. *Phaeo-*violaxanthin** (Phe *v*)

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110. *Phaeo-*violaxanthin** (Phe *v*)

111. *Phaeo-*antheraxanthin** (Phe *a*)

112. *Phaeo-*zeaxanthin** (Phe *z*)

113. *Phaeo-*violaxanthin** (Phe *v*)

114. *Phaeo-*

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WILLIAM C. WILSON

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Investment

International
Tribune.

Sales figures are unofficial
 a—New yearly low. b—New Yearly high.
 Dividends otherwise noted, rates of dividends in the foregoing table are annual disclosures based on the last quarterly or semi-annual declaration. Special or extra dividends or payments not designated as regular are identified in the following footnotes:
 a—Also extra or extras. b—Annual rate plus stock dividend. c—Interim dividend. d—Declared or paid in preceding 12 months. 1—Declared or paid other stock dividend or split-ups. 2—Paid this year, dividend omitted, deferred or no action taken on last dividend received. 3—Dividend in arrears. a—New issue. b—Declared or paid in preceding 12 months plus stock dividend. c—

| | | | |
|------------|--------------------------------|---------------|--------|
| GEC | 37 ¹ / ₂ | Sanderz | 4,125 |
| Frye & Geo | 25 ¹ / ₂ | Sie B. Suisse | 400 |
| GKN | 2 | Soucar | 24,118 |
| Globe Co | 4 ¹ / ₂ | U.S. Suisse | 3,290 |

ADVERTISEMENT

MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.

(CDR*)

The undersigned announces that the 71st Ordinary General Meeting of shareholders will be held at the Company's Head Office, Matsushita Building, 6-2, Honcho, Chiyoda-ku, Tokyo, Japan, on Tuesday, November 10, 1987, at 10:00 A.M. local time.

The agenda of the meeting is as follows:

- (1) Approval of the minutes of the previous meeting;
- (2) Report of the Board of Directors and the Executive Officers;
- (3) Report of the Auditor;
- (4) Approval of the consolidated financial statements for the fiscal year ended March 31, 1987;
- (5) Election of directors and disqualification of directors;
- (6) Election of auditors and disqualification of auditors;
- (7) Approval of the dividend for the fiscal year ended March 31, 1987;
- (8) Other matters referred to by the Board of Directors.

Shareholders are requested to attend the meeting in person or by proxy. Shareholders who cannot attend the meeting in person may appoint a proxy holder to represent them at the meeting. The appointment of a proxy holder must be made in writing and filed with the Company's Secretary no later than five business days before the date of the meeting. The fee for the proxy form is ¥1,000 per share.

This announcement is subject to change without notice.

Masahiko Iwano,
President

SECRET

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COMPANY N.V.
Amsterdam, February 19th, 1973.

Tables include the nationwide prices up to the closing on Wall Street.

| 12 Month Stock | | | | | | | Sis. | | Chng | | 13 Month Stock | | | | | | | Sis. | | Chng | | 13 Month Stock | | | | | | | Sis. | | Chng | | | |
|----------------|-----|-----|------|------|-------|-----|------|------|-------|------|----------------|------|-------|------|-------|------|-------|------|-------|------|-------|----------------|-------|------|-------|------|-------|------|-------|------|-------|------|-------|----|
| High | Low | Yld | P/E | Sis. | 100s. | Low | High | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | Prev | Close | |
| 25 | 22 | 22 | 21.2 | 81 | 4 | 23% | 23% | 23% | 4 | 12% | 10% | 500 | 01.02 | 0.7 | 2 | 11% | 10% | 10 | 0 | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | |
| 25 | 22 | 22 | 21.2 | 81 | 4 | 23% | 23% | 23% | 4 | 12% | 10% | 500 | 01.02 | 0.7 | 2 | 11% | 10% | 10 | 0 | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
| 25 | 22 | 22 | 21.2 | 81 | 4 | 23% | 23% | 23% | 4 | 12% | 10% | 500 | 01.02 | 0.7 | 2 | 11% | 10% | 10 | 0 | 3% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |
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Eurocurrency Interest Rates

| Dollar | D-Mark | Sales Franc | Swiss Franc | French Franc |
|---------------------------|----------------------|----------------|-----------------|-----------------|
| 1 Mk. 11 1/16 - 11 3/16 | 3 3/4 - 3 7/8 | 1/4 - 1/4 | 13 1/4 - 13 1/2 | 7 1/4 - 7 1/4 |
| 2 Mk. 10 11/16 - 10 13/16 | 3 3/4 - 4 | 1/4 - 1/4 | 13 - 13 1/4 | 7 1/4 - 7 1/4 |
| 3 Mk. 10 13/16 - 11 1/16 | 3 15/16 - 4 1/16 1/4 | 3/16 - 5/16 | 13 1/4 - 13 1/4 | 7 3/4 - 8 1/4 |
| 4 Mk. 11 7/16 - 11 7/16 | 4 1/4 - 4 1/4 | 3/4 - 1/2 | 13 1/4 - 13 1/4 | 8 1/4 - 8 1/4 |
| 1 Y. 11 3/16 - 11 5/16 | 4 1/4 - 4 1/4 | 4/4 - 3/4 | 13 1/4 - 13 1/4 | 8 1/4 - 8 1/4 |

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Labels Claim of Nations

**Friend's Killer
Reported Slain**

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By Eugene T. Maleska

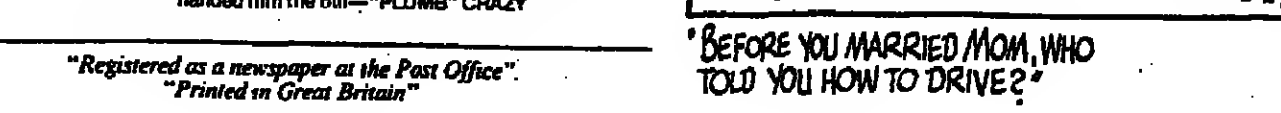


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DEFENDING MY ENEMY

Reviewed by Christopher Lehmann-Haupt

Taking a Position

Christopher Lehmann-Haupt is a book reviewer for The New York Times.

MOSCOW (Reuters) — Soviet scientists have begun a new attempt to recover from a lake near Smolensk a hoard of Kremlin treasures jettisoned by Napoleon during his winter retreat from Moscow in 1812.

By Alan Truscott

the diagrammed deal. North-
outh reached an over-optimistic
contract of four spades.

North judged his hand too strong
for a simple raise to two spades and
of strong enough to drive to game.
Any experts would bid three
spades as a limit bid, inviting game.
At this would have been forcing in
the partnership style, so he tempo-
rized with two diamonds and then
supported spades.

South staggered on to game, hop-
ing that his partner's diamond
would cover his losses in that suit.
He regretted this decision when
West led a club and the dummy
appeared. He seemed doomed to
lose two tricks in each red suit.

The only hope was an end-play,
and that would need imperfect
defense. South won with the club
and made 22 and made the winning guess in
trump by cashing the spade king.
In discovering the situation, He cashed
his other club winner before remov-
ing the remaining trumps to find
the end of a marked finesse.

A heart was led, and West won
with the queen. Failing to see the
trick, he continued with the ace,
looking unhappy, he led a third
trump, allowing South to ruff in
dummy and dispose of a diamond
trick, bringing home the game.

West would have done better to
lead the diamond king after taking
his second heart winner. But it
could not have helped.

South planned to duck, having
inferred from West's distress that
he did not have a safe-looking king-
queen combination in diamonds to
lead.

The winning defense after West
won the heart queen was quite dif-
ficult. He should have led the di-
amond king at that point, after
which South could have put either
defender to the test. He could have
won and played a heart, which East
could counter by playing the king,
or he could have ducked in di-
amonds, challenging West to find an
underlead of the heart king.

NORTH

♠ A J 9 2
♥ 7 3
♦ 10 5 4 2
♣ 10

WEST

♠ Q 8 3
♥ A Q 8 5
♦ K
♣ J 9 8 4 2

EAST

♠ —
♥ K 9 8 4 2
♦ Q J 6 3
♣ 8 7 3

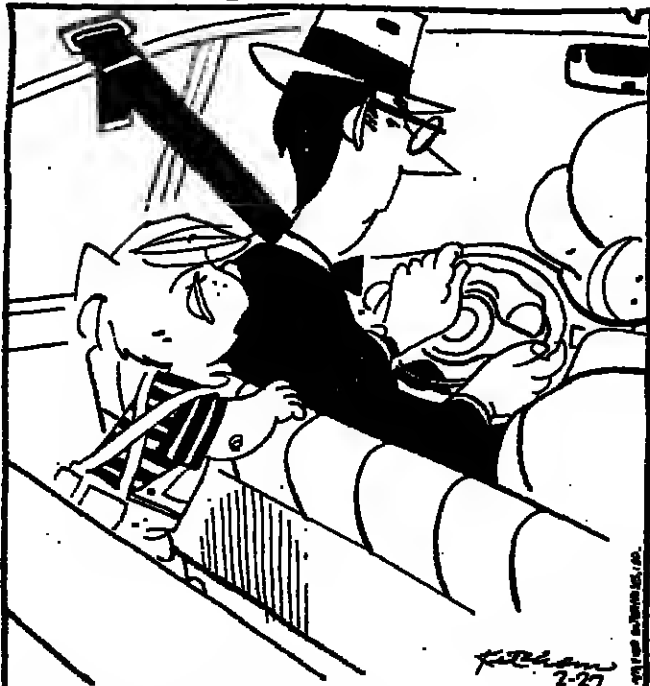
SOUTH (D)

♠ K 10 7 6 4
♥ J 10
♦ 9 8 7
♣ A K

North and South were vulnerable.

The bidding:

| South | West | North | East |
|-------|------|-------|------|
| 1♠ | Pass | 2♠ | Pass |
| 2♠ | Pass | 3♠ | Pass |
| 4♠ | Pass | Pass | Pass |



'BEFORE YOU MARRIED MOM, WHO TOLD YOU HOW TO DRIVE?'

٥٥٦ من الاصل

College Basketball

North Carolina Wins by Losing

NEW YORK, Feb. 26 (UPI) — North Carolina didn't beat Duke in the basketball court in their decisive Atlantic Coast Conference game, but the Tar Heels prevailed here it counted — in the drawing of the first-round conference tournament bye.

One More Time

James also had to make another swing to determine who finished 10th. That was necessitated when North Carolina State routed Wake Forest, 90-66, Saturday to tie the season at the bottom of the

league race. James drew the Wolfpack for sixth spot.

The ACC standings were shuffled a third time Saturday, when Virginia defeated Maryland, 75-72, in a battle for third place. Yesterday, Clemson stayed in fifth place with a non-conference 81-47 trouncing of Buffalo State.

Here's what the weekend action means:

North Carolina will sit out the opening round of the ACC tournament, while Duke will meet Wake Forest in the first game Thursday afternoon. Virginia will take on North Carolina State in the afternoon and Maryland, seeded fourth, will play Clemson that night.

Couch Smith counted on psychology to help him during his squad's match at Duke. The Blue Devils were beaten badly by Clemson earlier in the week when the Tigers used a slowdown offense.

So after Duke got a quick field goal on a follow shot by Vince Taylor, North Carolina went to its slowdown "Four Corners" offense in an attempt to force Duke out of its 2-3 zone defense.

"We thought the frustration of the Clemson game would make them come chase us," Smith said, "but they didn't choose to chase. The zone is the strength of their defense and we wanted to play them man-to-man."

The play misfired and Duke took a 7-0 halftime lead that amounted to its final victory margin.

"We had a chance to score eight points and we scored seven, which is pretty efficient," the Blue Devils coach, Bill Foster, said of the first half. "And our defense was flawless."

North Carolina dropped its stall offense in the second half, but never got closer than six points as the Duke zone defense forced the Tar Heels to rely on outside shooting.

Senior Jim Spanarkel led Duke with 17 points. Many on breaks to the basket when the Tar Heels tried double-teaming the ball in the second half. Al Wood led North Carolina with 12.

NBA Standings

| EASTERN CONFERENCE | | | |
|--------------------|----|----|------|
| Team | W | L | Pct. |
| Washington | 41 | 19 | .683 |
| Philadelphia | 41 | 24 | .629 |
| Atlanta | 39 | 26 | .597 |
| New York | 38 | 26 | .594 |
| Boston | 38 | 26 | .594 |
| San Antonio | 37 | 29 | .561 |
| Houston | 37 | 29 | .561 |
| San Diego | 37 | 29 | .561 |
| Cleveland | 37 | 29 | .561 |
| Portland | 37 | 29 | .561 |
| Los Angeles | 37 | 29 | .561 |
| Phoenix | 37 | 29 | .561 |
| San Jose | 37 | 29 | .561 |
| Golden State | 37 | 29 | .561 |
| Seattle | 37 | 29 | .561 |
| Portland | 37 | 29 | .561 |
| Los Angeles | 37 | 29 | .561 |
| Phoenix | 37 | 29 | .561 |
| San Jose | 37 | 29 | .561 |
| Golden State | 37 | 29 | .561 |
| Seattle | 37 | 29 | .561 |

College Basketball

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